SOUTH AFRICA

CANADA

Types to

World news

Speakes insists: 'Salt 2 is dead'

operations

The White House put the US firmly back on the record as regarding the Salt 2 arms control treaty as dead, after President Ronald Reagan had suggested that it might have a few more months of life yet.

Presidential spokesman Larry Speakes said: "Salt is dead. The Salt treaty no longer exists." Future US arms control decisions would be taken in the light of Soviet behaviour, and it would only be coincidental if they kept the US within the

Reagan had suggested at a Wednesday night news conference that he had not yet finally decided to abandon the 1979 treaty. Page 4

Gun-run suspects

Five people arrested in Le Havre while an American couple tried to drive away a van loaded with weapons - allegedly for Irish Republican guerrillas - were likely to be charged with arms smuggling, judicial sources said.

EEC food aid

The European Parliament adopted a resolution calling for surplus EEC dairy stocks to be given to Poland for pregnant mothers and children under three after the Chernobyl N-

More UK jobless

UK unemployment continued to rise in May with the seasonally adjusted total reaching a record 13.3 per cent of the workforce. The rise for May was 5,600 to 3,208,600.

Blockade lifted

Spanish fisherman began removing French border port of Hendaye after assurances that France and New York the Comex August Spain would hold talks on fishing tiement was \$349.8. Page 36 rights, maritime officials said.

Hijack finding

Palestinian leader Abu Abbas masber in an effort to discredit Yassir said in report.

Syrian initiative

Syria launched an initiative in efforts to end Beirut's "camps war" by summoning Lebanese Moslem leaders for peace talks in Damascus.

Oil price forecast

Kirwaiti Oil Minister Sheikh Ali al-Khalifa al-Sabah said crude-oil prices might settle at about \$17-\$19 a barrel by the end of the year.

Oxford drugs charges

Three people were charged with drugs offences in Oxford after Olivia Channon, daughter of the British Trade and Industry Secretary, was found dead after a party to celebrate the end of her university exams. Another Oxford student, Count Gottfried von Bismarck, great great grandson of the German Chancellor, was released on bail but will face questioning again next

Soviet space plan

The Soviet Union proposed creation of an international space organisation to promote projects including, eventually, manned flights to other

planets. Page 3

Waldheim disclosure Elisabeth Waldheim, wife of Austrian president-elect Kurt Waldheim, was a member of the Nazi party for three years but left it before marry-ing him, a Waldheim spokesman

Bisaue risk

moulting, Last month, a public outtaurant's prize dinner.

Beecham to sell non-core

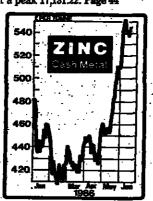
Business summary

BEECHAM, UK pharmaceuticals and consumer products company, announced plans to sell off non-core businesses to improve its financial performance and improve investor confidence. Page 21

WALL STREET: At 3pm the Dow Jones industrial average was 4.84 down at 1.841.23. Page 44 LONDON: Early signs of recovery

lost momentum and the market closed little changed. The FT Ordinary share index ended 3 up at 1,304.1 while the FT-SE 100 added 0.4 to 1,571.8. Page 44

TOKYO closed at a record although concern over recent rapid rises in share prices pulled the market back from an early sharp increase. The Nikkei average added 34.77 to close at a peak 17,131.22. Page 44



Exchange regained some of the ground lost earlier in the week. The ash price finished below the day's high at £545 a tonne, up £8, having been trimmed back by profit taking.

GOLD fell \$0.25 in the London bullion market to close at \$347.25. It rose in Zurich to \$348.50 (\$347.70). In New York, the Comex August set-

DOLLAR fell in London to DM 2.21 (DM 2.212); SFr 1.826 (SFr 1.6275); FFr 7.0475 (FFr 7.05) and Y165.8 (Y166.3). On Bank of England figreminded the hijacking of the ures, the dollar's exchange rate in-Achille Lauro cruise liner last Octo- dex fell to 114.8 from 1149. Page 37

London. It also fell to DM 3,365 (DM 3.3775); SFr 2.78 (SFr 2.79); FFr 10.735 (FFr 10.7625) and Y252.5 (Y254). The pound's exchange-rate index fell to 76.1 from 76.5. Page 37

UK INVESTORS were offered shares in a City of London office building the first "securitisation" of investment property in Britain. Lex, Page 28; Details, Page 21

BUNDESBANK is replacing the monthly, ublicly announced new issues calendar for D-Mark Eurobonds with private, fortnightly registration of new deals. Page 27

HEWLETT-PACKARD, US electronics group, wants to reduce its 56,000-strong US workforce by 1,500 and is offering an enhanced early retirement programme. Page 21

TWA president Richard Pearson has resigned after a power struggle at the troubled US carrier, which was acquired earlier this year by Carl Icahn, Wall Street financier.

Page 21 GENSTAR: Two leading executives of the Canadian industrial conglomerate now 98 per cent owned by Imasco plan to byu out some of their

assets. Page 21 SEALINK British Ferries announced a further shake up in the cross-Channel market with its £5m

purchase of Hoverspeed. Page 11 UK GOVERNMENT approved proposals to give Trade and Industry Department new powers to crack down on insider dealing.

PLATINUM prices in London soared to a three-year high follow-ing news of South Africa's state of emergency. Page 38

A 154-year-old lobster named Con- MALAYSIA is to open its tin marrad died in Texas from the strain of ket to Thai, Indonesien and Australien mines in an attempt to head cry saved him from becoming a res- off the possible opening of a rival market in Singapore. Page 38

SA renews emergency and arrests opponents

Settlements (BIS) meeting, told Reuters that the authories had no

The declaration of the earlier par-

was followed five weeks later by

temporary closure of the stock ex-

change and foreign exchange mar-kets, reimpostion of the dual rand

system and a partial capital repay-

emergency by claiming that the se-curity of the state was at risk be-cause of plans by what he called "radical and revolutionary ele-

ments" to take adventage of the an-

niversary on June 16 of the 1976

Soweto rising, to further their aim of making the state ungovernable

outstanding \$24bn foreign debt. In his speech to Parliament, Pres-

trictions or controls.

SOUTH AFRICAN security forces have been granted virtually unlimited powers and curbs have been eimposed on media reporting of mrest after the reimposition of a state of emergency over the entire country, including the non-indepen-dent black homelands.

The emergency was formally announced by President P. W. Botha at a special joint sitting of Parliament in Cape Town yesterday afternoon but came into effect at midnight on Wednesday.

In the early hours of the morning. armed police were busy arresting black community, political and trade union leaders and churchmen and anti apartheid activists of all

State-run South African television amounced last night that about 1,000 people had been arrest-ed on the first day of the emergen-

In Johannesburg, police with dogs and full riot equipment backed up by soldiers bearing automatic weapons searched the offices of the United Democratic Front (UDF), the main anti-apartheid umbrella organisation, and the nearby offices of both the National Union of Mineor noth the reasonat omon or some-workers (NUM) and the recently formed trade-union super-federa-tion Cosata, which claims more than 500,000 members.

Similar operations were mounted against the homes of activists and organisations in towns and cities throughout the country. The financial rand sank below 20

US cents at one point during the day's trading on the foreign-exhange market, while the commerial rand closed unchanged at 36.50 incomment nas indicated that it is prepared to consider further measures against South Africa, but only if there is international agreement involving the leading industrialised nations, the EEC and the Commonwealth. However, Sir Geoffrey Howe, the Foreign Secretary, has emphasised the need not to rush into immediate decisions and ministers are known to oppose any unilateral UK action that might give a trading advantage with South Africa to a rival competitor, such as Japan. Page 20 The Reserve Bank intervened. He added that the "ordinary laws marginally to steady the market of the land are inadequate to ensure

but exchange dealers said that the the security of the public and main-market had already discounted the tain public order."

expected announcement and most

Mr Botha added that he expected customers had already covered strong criticism from the outside their positions. Gold and currency world and even punitive measures, hedge shares moved higher again while some temporary tension on the stock exchange on currency might be expected in financial mar-

Dr Gerhard De Kock, governor of the reserve bank, who is in Switzer-land for a Bank for International But in a nation wide television address later, he struck a more pugnacious note. It had to be very clear that South Africans would not allow themselves to be humiliated in orintention of introducing fresh res-

"Neither the international community at alrge, nor any particular state, will dictate to us what the tial state of emergency on July 21 contents of our political programme should be. We have to live in this country. We have nowhere else to go ... We ourselves will find soluions to our problems an dwe will make them work."

He stressed his opposition to sanctions and added: "I do not underestimate the Africa will not crawl before anyone to prevent it." Mrs Helen Suzman, opposition Federal progressive Party (PFP) spo-

kesperson on law and order, and a fierce critic of Mr Louis Le Grange, the Minister, last night described the emergency as "a total violation of civil liberties and the harshest emergency prowers since 1960 (when the authorities mounted a

the wake of the Sharpeville massacre when more than 60 people were shot dead by police for protesting against having to carry pass books.]

The country will reel under these regulations. They will give the outside world the impression of

Last week, the Government announced a total ban on all meetings connected with the Soweto anniversary but many blacks are in a defi-ant mood and black activists said yesterday that they were sure that people would still demonstrate on June 16, despite the blanket ban an

dthe emergency.
Under Section 9 of the emergency proclamation, the media are not permitted to make, take, record, manufacture, reproduce , publish, broadcast or distribute . . or make any photograph, drawing or repres-entation" of any kind of unrest, any-

South African police said that most of those arrested before the emergency was declared were de-tained under Section 50 of the Internal Security Act, which provides for an initial period of 48 hours detention extendable to 14 days.

International reaction to Mr Botha's measures was swift and wide-

In Bonn, a West German Foreign Ministery official announced that EEC member states had agreed to close their embassies in South Afri ca for a 24-hour period next Mon-day to protest against the Govern-ment's measures

Editorial comment, Page 18; Afrikaners tighten control, Page 18; Britain sets conditions for sanctions, Page 20

Fiat 'trying to sabotage' Ford-Alfa deal

IRL THE Italian state holding group, yesterday accused Fiat, the group, yesterday accused riat, the country's largest private-sector company, of trying to sabotage a possible deal between Ford of the US and Alfa Romeo, the car maker controlled by IRL. The holding group had announced the start of talks with Ford three weeks ago.

The accusation, from a senior IRI official in Rome, comes amid an in-

official in Rome, comes amid an increasingly bitter conflict between Fiat and IRI over the future of the loss-making Alfa. He was responding to a statement on Wednesday by Mr Cesare Romiti, Fiat managing director, disclosing details of secret talks held by Fiat and Alfa between last November and May of

Mr Romiti, speaking before parliamentary committee, disclosed details of far-reaching proposals Fiat made to Alfa at the state-owned company's request. IRI claims that in making public the Fiat-Alfa IRI's selling majority control of Altalks, Mr Romiti was trying to fa never came up in seven months wreck chances for a solution involving Ford.

The Fiat managing director said he had not been informed of Alfa's

Ford talks until the evening of May 20, when he received a telephone

An IRI executive who requested anonymity said instead: We did not name Ford, but we told Flat right

Leyland Bus, loss-making sub liary of Britain's state BL group, is to be sold by tender to one of three rival bidders: Laird Group, Aveling Barford sortium. Page 11

from the start last November that we were also talking to other car

Fiat said yesterday that Mr Romiti had no wish to damage prospects for a Ford-Alfa deal. "Let them sell Alfa if they can," a Fiat spokesman said. He added that Mr Romiti's disclosures were made "because he was responding to questions in

Fiat also said yesterday that "dur ing the period between November 1985 and May 1986, Flat was not informed that IRI was talking to other companies. The possibility of fa never came up in seven months of talks between IRI and Fiat and mentations." A confidential copy of the Fiat-Al-

fa working document was, however, shown to the Financial Times yes call from Professor Romano Prodi, terday. The document, dated May 5

Continued on Page 20 BL invites bidders for bus business, Page 20

UK urged to support sanctions

MR MALCOLM PRASER the for them is to five mer Australian Prime Minister and co-chairman of the Commonwealth would prev Eminent Persons' Group yesterday ment would urged Britain to support new sane radical with ions against South Africa.

Speaking in London at the publication of the group's report on its economic inte

South Africans received "substantial support" from the West, "they will conclude that all that is left to jo were due to meet Mrs Margaret pressive", and said that Chief Gats-

of its arms

ter, last night to press their case for monwealth report. This concludes that the South African Government "is not yet ready to negotiate a nonracial and representative govern-

efforts to initiate dialogue betten

Sanctions, ner Ligués, Sould Afready under pressure to black and white in South Africa, Mr

Create the circumstances in which change her stance, Mrs Thatcher the white population will bring will have to take into account the partners could avert what the report called a "bloodbath" in the reconsidered, said Mr Fraser, included home on a lightly standard chartered chairman of Standard Chartered and home on a lightly standard have to take the chairman of Standard Chartered chairman of Lord Barber, the British chairman of Standard Chartered chartered chairman of the standard chartered charte cluded bans on air links and a ban Bank. He told SBC radio yesterday Mr Fraser, accompanied by his fellow chairman, General Olusegun notably fruit and vegetables and Obasanjo, the former Nigerian President, said that unless black to bring South Africa to its senses,

Mr Fraser described Mr Nelson

Thatcher, the British Prime Minis ha Buthelezi, leader of the Zulu backed Inkatha movement, had indicated that he would be prepared to serve under Mr Mandela. Mr Fraser thought that this show of unity among black leaders had

surprised and diconcerted South African ministers, and might have led response to Commonwealth negotiating proposals based on a suspen-sion of violence and the release of Mr Mandela and other political The report lays the blame for the

failure of the Commonwealth initiative on the South African Government. Mr Mandela and the ANC were prepared to treat the negotiating proposals as a basis for discussion, said Mr Fraser. Details, Page 6

Lonrho rescues Shah's UK daily

BY RAYMOND SNODDY IN LONDON

nancial backing.

In a financial restructuring, Mr over only if the product was sharp-Shah will increase his shareholding ened, tightened and generally imto 51 per cent, remain as chairman proved. "Otherwise we shall have and chief executive and have another crisis in maybe six or eight £13.5m in new money to try to turn months' time," he admitted. the loss-making colour tabloid into

Lonrho, which will have 35 per cent of the equity, already owns The Observer, Britain's oldest Sunday newspaper. Yesterday's deal must be approved by Britain's Department of Trade and Industry.

Mr Shah, who launched the newspaper in March, was applauded by his staff when he told the crowded newsroom of the Lonrho deal. "We are now in a situation where this company has the financial where-

LONRHO, the international trading withal to achieve what we set out to group, yesterday came to the rescue achieve," Mr Shah said.
Today is currently losing nearly newspaper, which has pioneered new printing technology in Britain, around 400,000 instead of the 1m with more than £20m (\$30m) in fi-hoped for at this stage. But Mr Shah conceded that the crisis was

> Mr Tiny Rowland Lourho chiefexecutive, will become d chairman of News (UK).

Mr Rowland beat three other purchasing the paper: Mr Kerry Packer's Consolidated Press, Mr Robert Maxwell's Mirror Group Newspapers and Lord Rother-mere's Associated Group. The offer from Associated, pub-

lishers of the Daily Mail, was Continued on Page 20 UK print union dispute, Page 11

US dismisses three for insider trading with advance GNP data

BY WILLIAM HALL IN NEW YORK

THE US Government is to dismiss the day before the release of the figthree employees who used advance ures in widespread rumours that information on the US Gross National Product (GNP) data to make report a 2.8 per cent rise in the money for themselves and others in "flash" estimate of the US GNP for the financial markets before the of- the third quarter. ficial figures were published last September.

The action is another indication tations of a mounting official campaign to

corb insider trading on Wall Street. Earlier this month, Mr Dennis Levine, 33 an investment banker, ta to trade hond futures. agreed to pay back \$11.5m in alleged illegal share trading profits

A third person had pass

Mr Malcolm Baldrige, the US

The inspector-general's report

Commerce Secretary, yesterday released a report by the Commerce in the Bureau of Economic Affairs

Department's inspector-general were aware of the September GNP

confirming widespread market ru
figures before their release. Only 16

The Federal Bureau of the official GNP figures last Sep-

mours that there had been a leak of were supposed to know. ember: individuals was "relatively minor" investigation of the leak and 14 peo-Bond prices had jumped sharply and Mr Baldrige refused to give ple were given lie-detector tests.

the Commerce Department would He said the three officials would be dismissed under existing federal

The figure, which proved correct, was well below the market's expec-

Mr Baldrige disclosed that two employees of the Bureau of Eco-nomic Analysis used the leaked da-

A third person had passed similar and to co-operate with the authori-ties in tracking down other insider gained from the advanced knowlinformation to another person who

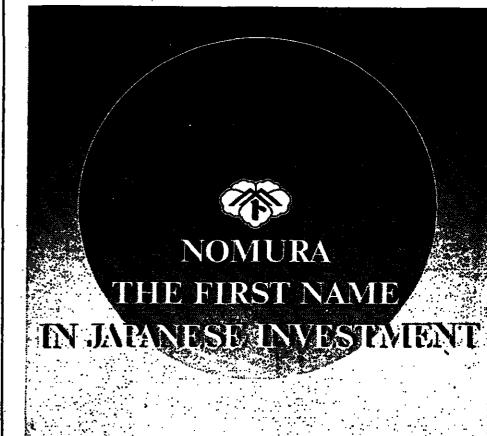
specific figures on the size of the

regulations. The investigators were unable to determine whether the brokers used by the three officials had ed from the early release of the GNP data.

The US Commerce Department has tightened its security procedures surrounding the release of sensitive economic information since last September and the Department is promoting changes in the law that would make any future leaks a crime.

It has already forwarded draft legislation to the Office of Manage-

tion and the US Securities and Ex-The trading activity of the three change Commission helped in the



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State Street

BARCLAYS de ZOETE WEDD

In a further move towards the establishment of Bardays new international investment bank -Bardays de Zoete Wedd - the following companies will change their names from 16th June:

> Barclays Merchant Bank Limited becomes Bardays de Zoete Wedd Limited Telephone: 01-623 2323 Telex: 8812124 BZW G Facsimile: 01-623 6075

> > Bardays Investment Management Limited becomes

Bardays de Zoete Wedd Investment Management Limited Telephone: 01-248 9155. Telex: 887521 BARTST G Facsimile: 01-248 1190

Bardays Property Investment Management Limited becomes

Bardays de Zoete Wedd Property Investment Management Limited Telephone: 01-248 9155 Telesc 887521 BARTST G

Facsimile: 01-248 1180

Barclays Futures Limited becomes Bardays de Zoete Wedd Futures Limited Telephone: 01-626-0588 Telex: 892667 BZWFUT G Facsimile: 01-6260588 ext. 8377

THE PARCLAYS GROUP INVESTMENT BANK

US ready to negotiate chemical arms treaty

By William Dallforce In Geneva

THE US yesterday reaffirmed its readiness to negotiate an international treaty banning chemical weapons. But Mr Donald Lowitz, the US chief delegate, told journalists after addressing the UN disarmament conference, the treaty had to be all inclusive, containing assurances against future production and use of chemical weapons as well as the destruction of existing stockpiles and facilities.

weekend.

The Soviet announcement at the soviet amountement at the end of the last session of the conference in April that it was prepared to accept on-site inspection of the destruction of inspection of the destruction of its plants was welcome but not as comprehensive as had been headlined. Mr Lowitz said.

Moscow's concession indicated the "possibility of a meeting of minds" over the destruction of facilities, but it did not address fully the issue of verification, he said.

fication, he said.

In the draft treaty proposed by Vice President George Bush in 1984 the US staked out its position that any international agreement on chemical weapons had to include the right to inspection on challenge.

"We cannot enter any convention unless we are sure it is equitable, verifiable and ensures compliance," Mr Lowitz said. But, he added, the US was not bound to every word in the Bush document.

Sound to every word in the Bush document.
It was looking for "some response (from the Soviet Union) that is not a flat No but allows us to engage in discussions on challenge inspection."

tion."
Mr Lowitz denied that the Reagen Administration's plan to resume production of new chemical weapons after a 17year lapse was inconsistent with its avowed desire to negotiate its avowed desire to negotiate a treaty banning the weapons. The US had to protect itself until agreement had been resched but once a convention had been agreed whatever chemical weapons it had would be subject to that convention, Mr Lowitz said.

The negotiations on a chemi-cal weapons ban were given fresh life by President Reagan and Mr Mikhail Gorbachev at their summit meeting here last November. The US and the Soviet Union are holding bilateral talks on chemical weapons in Geneva simul-taneously with the discussions in the 40-nation UN conference.



Mr Johannes Rau SDP candidate for federal Chancellor, and Mr Ernst Albrecht, Lower Saxony Prime Minister

elections in West Germany, which crop up at the rate of two or three a year, are now ministure replicas of their federal brothers. Never has this been more true than in the case of Lower Saxony, where the hopes, fears, and possible outcomes on Sunday evening provide an uncarny foretaste of what will be on offer next January 25 when the entire country chooses a new parliament in Bonn.

This weekend could itself of the farmers who would normally be an unfailing reservoir of Christian Democrat support— not just across the flat fertile countryside of Lower Saxony with its 5.6m electors, but in

West Germany as a whole. But even the farmers hardly feature any longer on the hustings. Mr Schroeder hardly refers to the specific problems of that this time a CDU in the specific problems of the Lower Saxony, apart from the perils that a further four years of "the conservatives" in power. would entail, and Mr Albrecht's appreach is not dissimilar.

Small wonder, for not only are the issues national in flavour, the tactical consideration after the election eclipse the politicking before it, especi-ally for the SPD. Those con-siderations too, are exclusively national Most tantalising of all, the result is anyone's guess. Few reckon that the Christian

Democrats, despite the generally competent performance of Mr Albrecht since he took over as Prime Minister in February 1976, can repeat the feat of 1982 when they won control of the state on their own, with 50.7 per cent of the wite.

Rupert Cornwell reports on the national consequences of a state election

per cent of the vote.

The best of the forecasts give them 46 or 47 per cent, implying that this time a CBU majority, if there is to be one, will depend on the ability of their Free Demberat (FDP) allies in Bonn to secure the 5 per cent required for seats in the Hanover parliament. The latest polls suggest that those proven electoral escapologists could yet pull it off again—although much hinges on a statitician's margin of error.

person who has no doubts that things are on the mend is Mr Helmut Kohl. Unloved and accident-prone,

the Chancellor had earlier been tartly advised that the best service he could render his party in the state was to stay away during the campaign. But at a rally in Hamelin on a glorious Tuesday afternoon this week, it was almost the man Lower of old: piper-like never, it is will not true, but determined and oozing to win."

said to be hugely uplifted by the recent "acquittals" handed him by prosecutors investigatcharges that he lied to parliamentary enquiries probing the "Flick" political payments affair. He believes, too, that the appointment of West Germany's first ever fully fledged the SPD's candidate for Chancel.
Environment Minister has lor in January, might do just that helped dispel a reputation for indecisiveness, just at the moment when public anxiety in the wake of Chernobyl, so detrimental to the Government, may be starting to ebb.

Such optimism of course may be misplaced: and a resounding defeat in Lower Saxony might yet whet the CDU's appetite for rapid regicide, in time for a successor to lead them into the Bundestag vote just seven months off. But the problems of the SPD, though less obvious. are no smaller.

In village balls and on tele-vision screen alike, Mr Schroe-der comes across well. But he will not, barring an earthquake of which there is no sign, win a majority on his own. Four years a go the SPD captured only 36.5 per cent, a gap which even mid-term electoral ennui and discontent with the Government is unlikely entirely to

His problem, therefore, is simple enough: what to do about the Greens on his left,

if their support, tacit or explicit, is needed for him to form a government? As hir Kurt Bledenkopf, one of the sharpest minds in the CDU put it the other day: "It would be miserable for us to lose miserable for us to los Lower Saxony: but the SPD will not find it very comfortable

In private the Chancellor is will not form a "Red-Green" coalition, should Sunsy's coalition, should Sunday numbers point in that direction But even some more caming arrangement, involving Green "toleration." or indirect support of a minority Social Demo crat Government would fuel the suspicion that Mr Johannes Rau in Bonn were circumstances similar, whatever his protestations to the contrary.

The quandary has generated yet more exotic speculation that the SPD might extend issue-by-issue support to a minority CDU administration in Hanover: even that Mr Schroeder, if his party does emerge as the biggest on Sun-day, could prevaricate and ultimately provoke new elections, to be held simultaneously with those for Bonn.

That though is for next week, and the Social Democrats have to win first. In the mean-time Mr Kohl used his typically extended bout of oratory in Hamelin for the sort of speech he will be making in the winter chill shead — dwelling on the issues which move Germany: economic recovery, law and order, and the need to rekindle a national spirit — not least in the shape of more German children. It hardly set his audience alight. But ten dress rehear-

Portugal's balance of payments hopes soar

This weekend could itself have immediate national conse-

have immediate national conse-quinces. A CDU defeat would deprive the Centre-Right coali-tion of its present majority in the Bundesrat, or upper house of Parliament, made up of representatives from the indivi-dual state governments, and conceivably threaten its future legislative plans.

legislative plans.
Insofar as "local" issues exist
and are discussed, they are
applicable at a national level—
for example the disgruntlement

PORTUGAL EXPECTS a halance of payments surplus of about \$800m this year, a reversal of the original gloomy forecasts of the Cavaco Silva Government which had expected a deficit of a similar sum.

Despite the current account surplus of \$420m last year, thanks to the easing of adsterity and the continuing weakness of import demand, the Government had expected economic growth this year to result in a sizeable current However, there has been a major turnsround in the current account thanks to an oil price windfall that saves about \$500m this year, good agricultural foretasts that cottle save \$200m in food imports and expect gratuch imports, and export growth that is less speciacular than 1984-85 but is still steady.

However, private enterprise, expected to respond strongly to the call of a centre-right government bent on liberalising the economy, has not delivered the massive increase in investment the administration had hoped for.

A liberalized foreign investment. A liberalised foreign investment code promised since last November, which obeys EEC rules and reduces bureaucratic hurdles for foreign investors, has still not been issued. Offizidom is apparently finding it hard to relinquish discretionary power over who is or is not allowed to invest

Though capital and money markets gained new dynamism this year, there is a specula-tive aura around the stock exchange and the heavy plume of trading is more a reflection of few stocks chased

strong company results attracting solid medium or long term investment. EEC membership mean-

of massive structural funds but, because of the EEC's budget problems few have yet been allocated, much to the Lisbon Government's annoyto take commercial advan-tage of its new EEC status, Portugal is marking time this year, and though this tem-perarily helps its balance of payments it is less healthy for the future of the economy

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UK softens opposition to EEC industrial air pollution proposals

EUROPEAN COMMUNITY 24system for cutting air pollution from industrial plants yesterday moved from the forlorn to the vaguely hopeful as the UK signalled a shift in its outright

The British Government had been adamant in its refusal to accept now dead European Commission proposals for a 60 per cent cut in sulphur dioxide emissions and a 40 per cent cut emissions and a 40 per cent cut in nitrogen oxide emissions over

in nitrogen oxide emissions over period 1980 to 1992.

It is prepared to look carefully at looser proposals launched yesterday by the Netherlands at a meeting of environment ministers. The Dutch now hold the presidency of the Community's Council of Miristors. Ministers.

The Dutch have made a serious attempt to break the logjam," said Mr William Waldegrave, the Minister for the Environment, who had been the most vigorous critic in the council of ministers of the original Commission proposals based essentially on West German legislation.
"I'm not saying Yes and I'm

not saying No." Mr Waldegrave added as he noted that calculations on the cost and effect of the Dutch proposals could be completed within the next four

The calculations may have to be done more rapidly than that because the Netherlands may decide to raise the matter of air



Mr Waldegrave: attempt to break logjam"

spread out the rigour of the Commission proposals by saying that there should be a 45 percent cut in sulphur dioxide emissions by 1995 with the full 60 per cent to be reached by the year 2005. Any plants coming on stream would have to meet the original Commission target and the rules would apply to all industrial installations. to all industrial installations with a capacity of 50 Mw or more. The base reference year would remain 1980.

This last point remains a problem for the UK, which has consistently doubted whether the effect of the cuts in emission levels is worth the cost of

which cuts ought to be calculated should be the year in which pollution was at its highest. For the UK this means 1970. There was a considerable clean-up during the 1970s. Although the Dutch proposals

look like meeting fairer weather than those of the Commission ever did, British caution is allied to opposition from Portugal, which started building power stations this decade, and to worries about cost from Italy and Ireland.

To some extent, the Dutch have already catered for national difficulties by propos ing that the Community meet the overall cuts targets by demanding different rates of cleaning-up. Thus Germany and France would be expected to make a 70 per cent cut in sulphur dioxide emissions, the UK 40 per cent and Spain 10

So far the Netherlands has not decided what should be done about nitrogen oxide

• Environment ministers vesterday agreed that a directive which controls the movement which controls the movement of toxic waste should be tightened up by raising the ceiling on kev chemicals which can be held by a company before the authorities are notified. Among the list of chemicals are methyl isorvanate (in the aftermath of the Bhoual director) chloring and phosdisaster), chlorine and phos-

gene. decide to raise the matter of an pollution at the Community summit to be held in The Hague bringing them about—estimated for the UK at some £5bn. It the quality of surface fresh ballance that the base year from

Competition policy asserted

A POWERFUL assertion of the munity's markets.
"positive" nature of EEC com- Mr Sutherland said yesterday petition policy was delivered in Brussels yesterday by Mr Peter seen as "a positive means of directing European industry sioner responsible for this aspect of Community affairs. which can make Europe com-petitive in world markets, pro-Introducing a new report on the subject, Mr Sutherland also called on courts in member states to apply more extensively mote new technology, and encourage greater cohesion in

their power to enforce the com-petition rules "so that they are made more accessible to the ordinary citizen." competition policy is essentially designed to outlaw not just-concerned with remov- tion Policy. Office for Official state subsidies and restrictive ing Frontier barriers. "Cartels, Publications of the European practices by companies which monopolies, and state subsidies Communities, Luxembourg. practices by companies which monopolies, and state subsidies Communities. Luxem inhibit free access to the Com- can be just as disruptive to Price Ecu-11.31 (£7.40).

internal trade," Mr Sutherland maintained.

"The Commission intends to develop further its policy in the field of intellectual property, know-how licensing and copy-right. Its proposed guidelines on joint ventures are intended to encourage co-operative Competition policy, for example, was an important tool in helping to open up the EEC internal market, a task which, contrary to popular opinion, is not just-concerned with removes

Inflation rate falls in France to 2.3%

FRANCE'S assual inflation rate fell to 2.3 per cent in May from 2.6 per cent in April according to pro-visional figures from Insec, the Government's statistics institute, Paul Betts writes

institute, Paul Beits writes from Paris.

Consumer prices increased by 0.2 per cent in May after rising by 0.4 per cent in April and March figures were disappointing, although expected by the Government. The 2.3 per cent rate is slightly higher than the rate which the previous Socialist Government had forecast but is still only half last year's flure of 4.7 per cent. fiure of 4.7 per cent.

Swiss prices held

Price increases in Switzerand last month were held to an eight-year low of 0.7 per cent compared to 1.0 per cent in April, the Government said yesterday, AP reports from Bern.

Olympic flights halted More than 90 Olympic Airways domestic and international flights were cancelled yesterday on the second day of a strike by 600 pilots and flight engineers employed by the state-run carrier, AP writes from Athens. Athens.

Four pilots who were arrested on Wednesday for defying a government order to keep the airline in operation. They face jail terms of up to 10 years.

EEC gift to Poland

The European Parliament unanimously adopted a resolution yesterday calling for surplus European Community dairy stocks to be given to Poland where radiation from the Chernobyl nuclear reactor disaster affected wilk supdisaster affected milk supplies, Reuter reports from Strasbourg.

Greenpeace crew held Police in the north Norway port of Vardoe yesterday were considering whether to lay charges against the crew of the Greenpeace protest ship Moby Dick arrested by Norwegian Coast Guard on Wednesday night. AP reports. Moby Dick had been confronting Norwegian whalers in the North Atlantic and seized in Basistiond.

Tom Burns on the campaign of 'the most sincere young man in Spain'

Freedom, democracy—and Felipe

PRIME MINISTER Felipe Gonzalez campaigns for the June 22 general elections only at weekends. When he meets the crowds after a week's work in the Moncion Palace, he treats them to the oddest of political messages: "I'm not here to ask for your vote, I don't want you to vote what I tell you to vote, he says. "I want you to vote freely, I want you to know you can vote for whoever you want."

By the end of the three-week campaign Mr Gonzalez will have given 17 mass meetings, staged in builrings, sports stadiums and parks, carefully scheduled not to coincide with the times when Spain's World Cup matches in Mexico are on television. Some 200,000 voters one out of every 150, will have attended them.

Travelling in a private jet

between cities accompanied always by his lovely wife Carmen, the 44-year-old Socialist Premier mesmerises audiences. He starts off quietly, waving his arms to silence the chants of Fe-li-pe, Fe-li-pe: "I want to talk to you about our present and our future, about

where we are and where we are going."

Soon he is in full swing,

World space

by Moscow

body proposed

THE Soviet Union yesterday

proposed the creation of an in-

ternational space organisation

to promote projects including

manned flights to other planets,

The proposal, made in a letter

from Prime Minister Nikolai Ryzhkov to Mr Javier Perez de

Cuellar, the United Nations

Secretary-General laid out a

programme beginning with w

world conference on space to be held not later than 1990.

In the first stage, a world space organisation would be established concentrating on such as communications, navigation, weather forecasting and studying the earth for agricultural margases.

In the second phase, in the

tural purposes.

NEED SOMEONE TO EVEN THEM UP.

Reuter reports from Moscow.



juggling with ideas and showing himself to be a conviction politician. "History has its rhythms" like about Felipe? He's the most sincere young man in nothing to be afraid of, there is nothing to be afraid of there is nothing to be afraid of the nothing the nothing to be afraid of the nothing the nothing to be afraid of the nothing the noth impatient, going too fast has made the Spanish people "always lose the battle of his-

in 1900, General Franco with theme, a sure winner every-bis rebellion and the ensuing where he has spoken. He said civil war put paid to an increas-ingly radicalised and impatient to him on June 22 because "I Spanish republic. Then he brings the crowd to its feet cry-for the confidence that you have

BY JAMES BUXTON IN ROME

penalties for breaches of foreign exchange regulations.

Under law 159, which was rushed into effect in 1976 at a time of dire economic crisis, an

Italian who exports or holds abroad any sum over L5m (£2,200) is theoretically liable

to up to six years imprisonment.

Chamber of Deputies, the lower house of parliament, will move

to L100m thepoint at which the currency offence comes into the

category of a criminal offence liable to a prison term.

Yesterday's actions by the

Easing of foreign exchange

law progresses in Italy

after Spain had beaten Northern go with my head high in Buenos Ireland. Dona Piedad Navarro, Aires, in Moscow and in Washasprightly 80-year-old dressed completely in black and with her white hear white hear white her her white hair in a near bun, that economic recovery is on the had come from Egea de Los way, that the foundations of Caballeros, a walled town 60 welfare have been laid but that miles away where the Cortes much remains to be done. Don't (parliament) once met in the ask that what was never done 13th century. She had been waiting 200 years should have been ing for hours to make sure of done in three and a half years," her front row seat to hear Mr be appeals to the crowds.

Gonzalez. most sincere young man in Spain," shesaid.

Dona Piedad became very

consider it highly illiberal as well as frequently contradictory. The bill to reform the law was presented to Parliament in late

1983, but has not had a smooth

passage, mainly because of the large number of amendments put forward by the opposition Communist party, which, though not altering the spirit of the reform, affected its dettails.

ing out: "This time the Spanish placed in me these last four people will not lose the battle of history." placed in me these last four people will not lose the battle years. Grateful because you have allowed me to represent Saragossa's bullring was a free people, to represent Spain packed out on Saturday night with decorum and honour, to

On one subject Mr Gonzalez With her beaming, toothless smile she seemed to personify the Spain down the ages that the Prime Minister was talking about. She said she had seen it "You are free now to vote. is nobody to scare you. You are

free, free.

Dona Piedad has seen in her In 1936, General Franco with his rebellion and the ensuing civil war not noid to a sure with them. As spoken. He said to the control of the c

Chemical plant fire alarms Polish town

By Christopher Bobinski ITALY'S CHAMBER of Deputies yesterday approved the paign by lawyers and others who reform of the notorious law consider it highly illiberal as 159, which prescribes Draconian well as frequently contradictory.

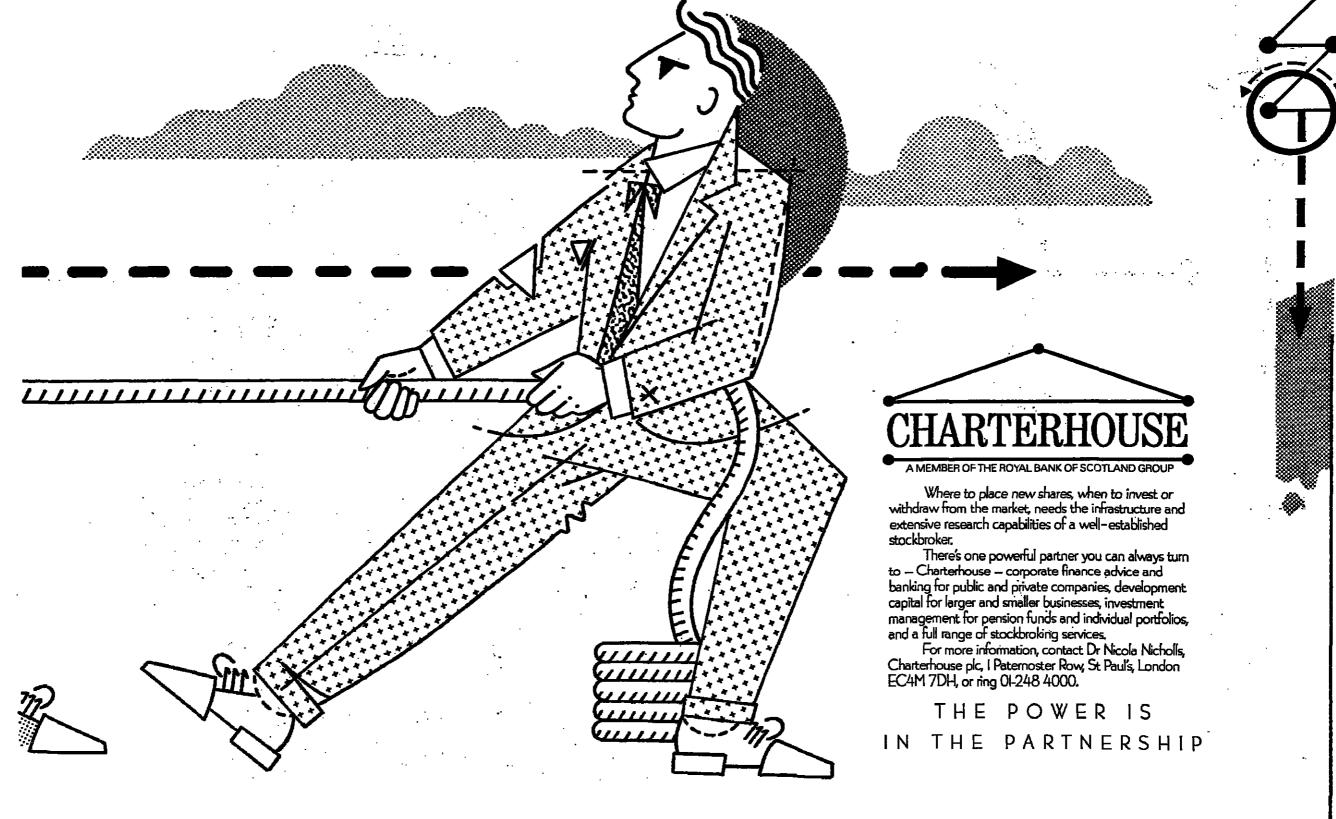
FEARS FOR the safety of the 50,000 people of Skarzysko Kamienna in central Poland have led the local council to condemn central government plans to restart production at a local chemical plant after a potentially disastrous fire on May 21.

government council—which is normally little more than a rubber-stamp body—shows the strength of feeling in the town about the issue.

The action by the local

Judges have lately responded to the impending reform of law 159 by postponing prosecutions under the legislation. Many recent cases concerned Italian travellers who have simply exceeded by a narrow margin the limits on how much money they could take abroad for holidays. The fire at the Benzzyl Organika works threatened the release into the atmosphere of lethal chlorine gas. Local fire officials say that storage of chemicals at the could take abroad for holidays,

But the bill still has to win final Senate approval. Mr Nicola Capria, the Minister for Foreign If reform of the law is finally approved it will complement recent steps taken by the Bank of Italy and the Government to ease restrictions on foreign exchange transactions. first half of the 1990s, the organisation would design and Trade, said yesterday that he believed this last approval should now be obtained shortly build space systems which could study how to preserve the earth's biosphere—the part of and without difficulty. earth's biosphere—the part of the world where life can exist. The abolition of law 159 has exchange transactions.



White House reconfirms Salt treaty is 'dead'

conditions yesterday, saying that they also included progress

control treaty violations.

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE WHITE House yesterday build-up, which seemed totally quickly and firmly put the US unrealistic to expect.
back on the record as regarding Mr Speakes repeated those the Salt 2 arms control treaty as dead, after President Ronald Reagan had suggested that it in the Geneva arms talks and might still have a few more Soviet willingness to end arms might still have a few more months of life left.

Mr Larry Speakes, the presidential spokesman, said "Salt ment, Mr Reagan also stated is dead. The Salt treaty no that he had "determined that longer exists." Future US arms control decisions would be base decisions regarding its taken in the light of Soviet strategic force structure on the pharinger and magnitude of the behaviour, and it would only be nature and magnitude of the coincidental if they kept the US threat posed by Soviet strategic within the lapsed treaty's limits. forces, and not on standards he said.

Mr Speakes's comment came the other hand. Mr Reagan after Mr Reagan had confused insisted that he had not yet his listeners at a Wednesday parted company with the treaty. his listeners at a wednesday night news conference by suggesting that he had not yet taken a final decision to abandon the 1979 treaty. In the document of the suggesting that the suggestion that the suggest don the 1975 treaty. In the particular treatment of the particular treatment of the particular treatment of the particular treatment of the particular prowas several times unsure in his a new arms reduction pro-answers, leaving it unclear if he gramme, but suggested that had really intended to change what was needed was a replace-

Mr Reagan said he would the treaty itself.

Mr Reagan said he would the treaty itself.

Mr Reagan said he would the treaty itself.

Yesterday, Mr Speakes contradicted Mr Reagan by stating bluntly that the decision to scrap the treaty had already that would put the US in breach on one of the Salt limits.

Announcing his policy on May 27, however. Mr Reagan said that he had already decided to violate the treaty with the 131st B-52, only adding vaguely that if the Soviet Union took "the constructive steps necessary to alter the current situation," he would "certainly take this into account."

Administration officials then spelled out a series of required

spelled out a series of required treaty. have been loyally going "constructive steps, such as the out of their way to explain why reversal of the Soviet arms it is new "obsolete."

Record trade surplus for Brazil

BRAZIL'S trade surplus reached a record \$5.01bu in the first five months to May, according to Cacex, the

foreign trade agency.

The figures for May show exports outpacing imports by \$2.29bu to \$1.04bn, leaving a surplus of \$1.25bn or 8.6 per cent up on the same period

Over the five-month period, Brazil's total exports have risen to \$10.28hn, almost 10 per cent above last year's per cent above last years figure. The accumulated 12 months' surplus from last June is now calculated at \$13.28bu up from a forecast of \$12.5bm.

Mr Roberto Fendt, director of Cacex, attributed the im-provement to positive ex-change rate factors in production costs and the continuing growth in indus-trialised economies.

Falling oil prices have also belped boost the economy, saving \$822m or 37.2 per cent of the normal import bill. This saving has allowed a sub-stantial increase in imports, accounting for around \$124m

Cacex believes Brazil is well on target for a \$12.8bn surplus at the year's end. sufficient to cover its international debt liabilities and leave a current accounts surplus of about \$600m.

New signs of rapid growth in the economy, sparked by the February Cruzado Plan, that de-indexed the economy and froze prices, are emerging daily. According to a Rio de Jaueiro research institute, production in Sao Paulo, Brazil's most industrialised region, increased by 27 per cent in April against the same

Banker cautious on Mexican optimism

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

pectations of an imminent for Mexico. agreement between the government of President Miguel de la Madrid and the International Monetary Fund.

"I hope that a letter of intent can be agreed within the next few weeks," he said in a speech to the Brazilian into discussions on American Chamber of Com-latest economic crisis. merce late on Wednesday night. Earlier this week merce late on Wednesday night.

Talks between Mexico and its commercial credutors would begin only after negotiations

Talks between Mexico and its Paul Voicker, the Federal Reserve Board Chairman, and Mr David Mulford, the Assist-

senior Citibank executive who Fund and World Bank were heads the commercial bank complete, he said. The World negotiating team on Mexico's Bank is nearing approval of a debt, has moved to dampen ex- \$500m trade development loan

Senior bankers say that after a week of rumour and counterrumour they are anxious to scotch speculation that a rescue package for Mexico is already in the works. So far, bank creditors have not been brought into discussions on Mexico's

pressed guarded optimism that an IMF agreement. Mexico could reach an IMF agreement which would help prevent a default on its \$97bn foreign debt.

But the timescale for this seems to be receding in spite of worries that Mexico is run-ning short of the foreign exning short of the foreign ex-change needed to meet interest tract by up to 5 per cent this release 2 \$500m long trackle payments. A Mexican negotiat-year in the wake of falling oil by the end of this month. ing team has yet to arrive in Washington to begin talks with

Bankers believe Mexico will continue to meet interest pay- day due to begin talks with the if funds are ments so long as it reckons it IMP on a waiver of economic by June 36.

MR WILLIAM RHODES, the with the International Monetary ant Treasury Secretary, ex- still has a chance of reaching policy targets needed to secure Such an agreement depends,

however, on Mexico and the IMF being able to reach a com-promise on the size of the country's fiscal deficit, now heading for 13 per cent of GDP. budget cuts given expeciations

Economic Affairs, was yester year. Bankers said it will laber day due to begin talks with the

release of the remaining SDR237m (£189m) day under the country's SDR1.thu (£336m) standby credit.

The waiver, needed because Argentina has failed to meet about four of the 13 key largets on its 1MF accord, is needed argently if bank creditors are to

This money comes from the prices.

This money comes from the Mr. Jose Luis Machinea. \$4.2bn credit for Argentina Argentina's Undersecretary of agreed by bank creditors last

Robert Graham reports on the flagging Central American treaty initiative

Peace still eludes the Contadora group

THE CHANCES of achieving a peace treaty in Central America remain as elusive as ever. This is the reluctant conclusion being drawn in the aftermath of last Friday's two-day meeting in Panama City attended by the 13 foreign ministers concerned. The Contadora group, com-posed of Colombia, Mexico,

posed of Colombia, Mexico, Panama and Venezuela, had called the meeting specifically to sign a treaty document. In the event there was no treaty to sign by the five Central American countries concerned—Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. Nicaragua.

The one day meeting was converted into a confused twoday session in a desperate effort to keep the peace process

This was eventually achieved this was eventually achieved by tampering with the draft text on security matters, and by inviting the five Central American countries to reflect on how their differences might be bridged.

been encouraging. This week and Mr Rudolfo Castillo, the Salva- Marx dorean Foreign Minister, dis-missed the new proposals as unsatisfactory, and voiced his distaste at the way the Contadora group was trying to force the pace.

The Central American countries have been told by the Contadora group, with the back-ing of the foreign ministers of the Laun American support group (Argentina, Brazil, Peru and Uruguay) this is the "last" draft. However, it has already been changed on at least three occasions since the peace pro-cess was initiated in January 1983. The ultimatum is thus being seen as little more than an attempt to instil a sense of

The draft alterations have ext on security matters, and not been released. But Conone inviting the five Central tadora officials say they proAmerican countries to reflect vide new formulas to get
on how their differences might
one bridged. The reflections of Costa the US-backed countries—Costa

and Honduras from the Marxist orientated Sandinista regime in Nicaragua. The two most disputed aspects are the levels of armament and mili-

The US-backed countries are pressing for a generalised reduction in armaments in the region on the basis of a points system, grading each set of

Nicaragua has offered to negotiate the reduction or elimination of a 14-point list of military items from military air strips to heavy artillery; but it has reserved its right to retain "defensive" forces and

Honduras has been reluctant to accept any document that would inhibit the presence of US troops and bases on its terfitory. Nicaragua, on the other hand, fearful of the US canacity to intervene from capacity to intervene from Honduras, has pressed for an elimination of military

None of the Central American foreign ministers showed any hurry to conclude a treaty either before or after the Panama meeting. There is a basic mistrust that the treaty will not be respected and that it will merely formalise the

Reagan Administration in-willinguess to put its full weight behind the inhistive and by its embrace of the Contra cause. Some of the members like Columbia also feel let down by Nicaragua, which has proved too indexible. Promourer having beauty the will not be respected and that it will merely formalise the status quo.

Beyond this, the US allies in Central America tend to take their cue from Washington, and the Reagan Administration is still bent on supporting the Contra forces to change the face of Nicaragua. Support for the Contras as a military force flies in the face of the whole spirit of the Contadora process. Nicaragua meanwhile is reluctant to sign a treaty which might oblige it to start talking directly to the Contras, composed, it chaims, largely of members of the former Samoza dictatorship.

The Contadora group itself, in spite of public protestations to the contrary, has lost its early enthusiasm. The group decreasing credibility.

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Nasa accused of shuttle 'fantasy'

THE US National Aeronautic and Space Administration and Space Administration (Nasa) exaggerated the reliability of the space shuttle "to the point of fantasy," according to a member of the presidential commission that investigated the Challenger

Nobel Prize winning physicist, said that the Nasa management's "fantastic faith in the (shuttle) machinery" stemmed either from need to assure the US Administration of the agency's perfection and ensure its funding or from an "almost

tion" between managers and tion" between managers and engineers.
"It would appear that, for whatever purpose, he it for internal or external consumption, the management of Naza exaggerated the reliability of its product to the point of fantasy."
Dr Feynman, a commission mayerick who bursued his own

maverick who pursued his own investigations, came close to dissenting from the official report released on Monday. That report toned down criticism of Nasa and concluded with a contract the statement of the contract the contract of the contract with a statement stressing the agency's past successes.

Last-minute negotiations per-suaded the independent and non-political Dr Feynman to sign the report, and his own conclusions are to be included among several appendices to be among several appendices to be released in one month's time. However, By Feynman declined to wait until the end of the congressional hearings on the space programme now under way, and released his more controversial views.

White stopping short of recommending an end to shuttle launches, Dr Feynman tryes that "only realistic flight schedules should be proposed" for the shuttle. If such a cur-

for the shuttle. If such a curtailed schedule is not enough to gain government support for the programme "then so be it." he concludes. ne concludes. Dr Feynman says Nasa

ar reynman says Nasa management grossly miscalculated the "probability of failure" of the shuttle launches. While Nasa officials claimed that the chances of a catastrophic failure of the type that doomed the Challenger crew was one in 100,000, Dr Feynman calculates it to be "roughly one in 100," in 100."
According to Dr Feynman's

report, Nass ignored warning a report, Nass ignored warning signs—eracks in engine turbines and erosion in the critical booster rocket seals.

Nasa gradually relaxed its own safety specifications for the shuttle engine, Dr Feynman says describing the lack of consistent follows analysis in the same of the sistent fallure analysis in the design of engine turbine blades. Although Nasa stresses the safety of the shuttle's multiple computer systems—a total of five computers designed to take

of failure — Dr Feynman revealed that the computers are built using "obsolete" 15year-old technology.
In efforts to accommodate payload customers, Nasa constantly reprogrammed the shuttle computers, Dr Feynman

West German politician attacks Contra support

A WEST GERMAN politicism who to me that kidnepsing is a face of negotiated the release of eight Gerterrorism. For this reason, form the many volunteers kidnepped by refinitely opposed to support of opposes has praised the Nicaraguan misations that would consider these Government for its handling of the measures as one of their means," he matter, Reuter reports from Mana-said.

The Government gave all its President Ronald Reagan had in help. Mr Hans-Juergen Wisch newski, a leader of his country's Sogial Destrict Posts with the Country and for fresh aid for the rebels white cial Democratic Party, told a news they were still holding the Gerconference in Managua. He denied man that the left-wing Sandinista Govfor the release of the prisoners.

held for 25 days by the so-called not faithfied them.

"Contra" rebels, returned with Mr

"They wanted documents from Wischnewski to Managua on Wed- the federal Government, They nesday after being released on wanted a declaration of freedom of Tuesday night 150 miles east of Ma- responsibility from the federal Gov-

newski implicitly criticised US sup- in the matter," Mr Wischnewsk port for the Contras. "It is obvious said.

Septimists Gov-led an ultimatum the prisoners. And made demands on the West German Government, but Boan had

nagus.

ermment. They wanted the federal
At a news conference, Mr WischGovernment to take responsibility

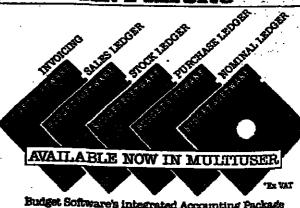
US retail sales fall 0.1% BY NAMEY BUILDING BY WASHINGTON

US RETAIL sates felt oper-pectedly by 0.1 per cent in May, according to the Commerce Department, but Mr Malcolm Baldrige, the Commerce Secre-Balarige, the Commerce Secre-tary, yesterday claimed to see good news in the gloom. He acknowledged that retail sales, a vital indicator in the economy, had been in a "clug-gish pattern" since December, but he said that spending, after

inflation, was actually growing.

Recent strong gains in real disposable income, which is after taxes and after inflation, and high levels of consumer. confidence indicate continued gains in consumer spending."
The monthly drop in retail
sales followed a rise of 0.4 per
cent in April but declines of 0.1 per cent in February and 0.4 per cent in March

ANY MICRO

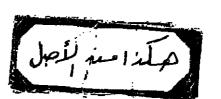


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Regardless of their very different functions, every one

NINE COMPUTERS MAKE DRIVING ASTE BERYOU. to be made of the market ATENTH MAKES IT IMPOSSIBLE FOR ANYONE ELSE. When you're spending over \$25,000 emaluxury car, you'll naturally want to protect your investment.

When you're spending from a BMW 35iSE, there's a computer available to do it for you (A.somputerised.) the cruise control and air conditioning are each controlled seat. Which a second automatically adjusts to your own pre-programmed driving position. by a separate computer. But not all the BMW 735iSE's computers are de-A third computer keeps the 3.5 litre, fuel injected, sixsigned to save you effort. Some are there to save your life. cylinder engine perfectly tuned between services. code renders the car completely undriveable for anyone ABS, for instance, which prevents your wheels from

And yet another computer, remembering every mile you drive (and how you drive it), tells you when a service

The automatic gearbox also benefits from the microchip revolution: a computer alters the gearchange

intervals to make the most of either the 218bhp engine

or the 22 gallon fuel tank. Depending on the way you

And because BMW are nothing if not thorough, even

finally becomes due.

choose to drive.

locking and stops you up to 40% shorter. Or the on-board computer. In addition to the more usual functions, it even

Which is, after all, the reason you chose a

And the less you have to worry about, the more you

warns you of black-ice.

BMW in the first place.

can enjoy driving.

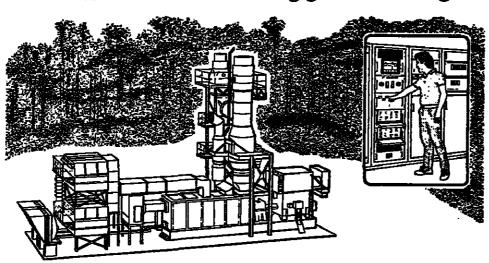
Nick Garnett on the vital role of monitoring gas turbine engines for pipelines

ACROSS the wastes of Siberia, Alaska's permafrost and other inhospitable corners of the world, oil and gas pipelines have one thing in common. They present operating companies with a continuous headache - how best to monitor and maintain the gas turbine engines used to power the pumps and compressors along their lengths?

Just a 1 or 2 per cent drop in the efficiency of a few of these many thousands of engines in service can cost millions of dollars a year in lost oil or gas output. Because of dirt from the environment, age-ing components or lack of maintenance a typical engine runs at anything between 5 to 10 per cent below peak performance. Monitoring and maintenance

has therefore become vital, with major technological ad-vances increasingly taking over from the likes of a man on a camel who pops round every few weeks to check the engine's oil level. At their leading edge these new technologies involve the use of satellite data trans-

spaced along the pipeline. These stations can switch the engines on and off, control their



Ruston Tornado gas turbines, Inset: Microprocessor-based control system

mission.

Gas turbines are usually conducers attached to various parts trolled from pumping stations of an engine which transform spaced along the pipeline, measurements into electronic

a colour monitor, remote from jection of water into the com-the engine and which has a bustion chambers. graphic display of the engine's By monitoring the relation-

for scheduling maintenance and perature of air in the engine, raising engine operating effi- another 20 for oil temperatures trol water supply to the boiler around the bearings, and a simi- around the bearings are around the bea vibration. sions can be regulated at a This information appears on distance by controlling the in-

spaced along the pipeline. These stations can switch the engines on and off, control their speeds and receive rudimentary information about how they are performing.

Within the past two years companies like General Electric of the US and Ruston Gas Turbines, part of GEC in the UK have been introducing much more sophisticated control and monitoring equipment which will have important implications of the engine to the pumping or internal workings. The press of a button will reveal, for eximple, exact temperatures in the engine, air and fuel flow, ample, exact temperatures in the engines should be better the engines should be predict when an individual gas turbine needs for a variety of purposes. These cinclude controlling surge in the engine when back pressure include controlling surge in the plied for Ruston's Tornado engine (and which can be supplied for any other of its engines) uses, for example 20 locations to measure the tem-

display screen, each unit sold by Ruston costing £80,000-

£100,000.

Against that are the savings in running engines more efficiently with greater likelihood that serious shutdowns of power can be avoided.

With this increasing amount of data about the way gas turbines are behaving in the field, oil companies are now looking at the use of satellites to transmit this data to head offices or operations centres which could be thousands of miles from the pipeline.

This is becoming attractive partly because of the long-term maintenance and purchase planning that it allows and also because there are worries that the local technicians in the field might not have the experience or the time to cope with the mass of new data coming on stream.

Many companies already use satellites. BP for example transmits data from its North Sea operations onto land via a satellite link, but this is likely to have only basic information about the operation of the gas

Operators on the north slope Alaska are now commissioning much more complex infor-mation transmission systems which will include comprehensive gas turbine monitoring.

For their part the turbine manufacturers are aware of one possible snag. The more information an oil or gas company has about the performance of its hardware, the more it might have to worry and to complain have to worry and to complain about to the companies that

Automated guided vehicles trip the light fantastic

AUTOMATED guided vehicles using a more reliable form of optical tracking have been nstalled at the Woensdrecht, Netherlands, plant of Fokker-Elmo, which produces aircraft

wiring harnesses. Developed by the industrial automation systems division of Litton Industries of the US, the vehicles have opticallybased systems which follow a line painted on the factory floor, but the line is inactive until an ultraviolet lamp on the vehicle makes it emit visible light of a specific colour by fluorescence.
The system solves the prob-

lems of erroneous guidance signals that can be produced

WORTH WATCHING

Edited by Geoff Charlish

from other light sources when a vehicle is trying to follow a line of ordinary white paint. In the new system, the tracking optics are " tuned " to the light emitted by the fluores-cent chemical.

A patented guidance system, in combination with microprocessor controls, allows programming of complex routes and stop/start sequences. Flexible routing and layout changes can be carried out overnight to meet changing needs of production or warehouse operations.

ELECTRONIC MAIL comes directly to the desk rather than through a bureau mail-box using an electronic unit called Bufferbox from Tele-post of Gerrards Cross, UK (0753 882028). There is no longer any need

to check a bureau mailbox several times a day, in case

several times a tazy, in case someone has sent a message, or pay mailbox charges, claims Telepost.

Those with electronic mail or other simple communicating terminals can dial the destination number and street messages into the messages in the messages in the messages in the messages in the messages enter messages into the un-attended Bufferbox at any time. Incoming messages go straight into the unit, which sits under the telephone and will indicate when it has received semething. Messages

are queued in Bufferbox until extracted, or can be printed out as soon as they arrive. The introductory price is £620.

PROGRAMMABLE TROLLER company Square D of Swindon UK (0793 616222) is offering a new communications processor which will integrate manufacturing systems based on MAP (manufacturing automation pro-

MAP is the General Motors initiative aimed at getting automation equipment makers to produce bardware and soft-ware to agreed specifications based on the "open net-work" standards now being finalised by the International Standards Organisation.

A variety of factory floor programmable devices from different makers can be con-nected to the Square D pro-duct, which is called Sy-Gate. In turn, Sy-Gate gives access to a MAP network and also performs the functions of a manufacturing cell controller.

LASER SCALPEL systems offering high power, good mechanical flexibility and compact size for surgery have been launched by Matsushita Industrial in Japan.

A sealed carbon dioxide laser tube is used which needs no external gas supply and has a life of about 1,000 hours. The tube feeds its intense light output into a fibre optic cable rather than using the conventional articulated mirror arrangeme Some thirty watts of light power are fed to the tissue

IBM PERSONAL computer users can convert their existing coaxial cable local area networks to fibre optic operation using an adaptor offered by Thorn EMI Measurement of Leamington Spa, UK (0926

of Leamington Spa, UK (1956) 34511). Made by Codenall in the US, the unit offers the now well-established advantages of fibre optics including security (the fibres are very difficult to tap), immunity to interference elimination of electri-cal connection problems and a small cable size.

The Leaders Public Address Closed Circuit Television 0494 450608

Low-cost exchanges for small businesses

PHONE EXCHANGES for the very small business, or even for the home, have been put on the market by Lynx Communications Systems of Swindon, UK. (8793 616717).

The Lynx MX5, made in Britain by Standard Tele-phones and Cables, allows one public exchange line to serve up to five separate extensions, without the need for an operator. Any one of the extensions can be used for an external call while the



remaining four can be used for one or two separate inter-com calls.

Basically a communications microcomputer, the MX5 costs about £300 and is boused in a wall-mounted, book-sized box to which the exchange line and the five extensions are connected.

Most standard retary dial or
push button phones can be
used.

This small, stored-program exchange provides facilities usually associated with larger units, such as call hold (while talking to another extension), call transfer, and

Swedes take better aim at cancer target

at Umea Hospital in northern Sweden may lead to better treatment of cancer patients. The SKr 25m (\$3.45m) "race track microtron" has been developed by Scanditronix, one of Sweden's most advanced technology com-

It is designed to target more accurately on cancer tumours. The major draw-back with existing radiation treatment is that a large area of good tissue is destroyed along with the tumour. This often affects the long-term recovery of patients. The Scanditronix machine overcomes the basic dis-

radiation therapy devices which can produce one beam of single intensity — by pro-ducing a number of different X-ray and high energy beams, of varying intensity, shaped to the tumour. This has never been achieved before in

medical applications. So far, Scanditronix, with a furnever of SKr 120m (\$16.56m) a year is the only company with this type of machine, though in the market for the company with the market for the company with the market for the company with the same that the company with the machine, chough in the mar-ket for cancer treatment devices it faces competition from much larger concerns like Variant of the US and Siemens and Philips of Europe. The market for large

radiation therapy machines is limited, mainly because of the cost of the equipment, with perhaps six sales a year at most. However, several with perhaps sax sates a year at most. However, several hospitals in the US have expressed interest in the Scanditronix machine and are awaiting research data from the Umea trials.

The Swedish company is already a market leader in positron emission cameras

positron emission cameras (pet cameras) which are used identification of

Its machine for destroying the tumour, once it is identi-fied, represents a break with the design of more traditional the design of more tradition devices for this purpose.

In a normal electron accelerator or microtron a stream of electrons are accelerated in a circular magnetic field. When the desired speed has been reached, the electrons are taken out of magnetic field and are smashed against a target to produce X-rays or be used directly in the cancer treatment.

ment.
Scandifronix has split in half the circular magnetic field and placed a linear accelerator between the two halves so that the electrons now travel along a path remainiscent of a race track. This results in a higher energy gain and the electrons

These beams travel along guideways to a computer-controlled head in an adjacent treatment room. The system is so complex that the micro-

can be removed at a number

of different energy levels.

tron and its control equipment take up three large rooms. The treatment head which delivers the radiation to the patient has 64 tungsten shutters, similar to those of a camera. The computer cona camera. The computer con-trols the aperture of the shutters and can be pro-grammed to target the treat-ment onto the exact shape of

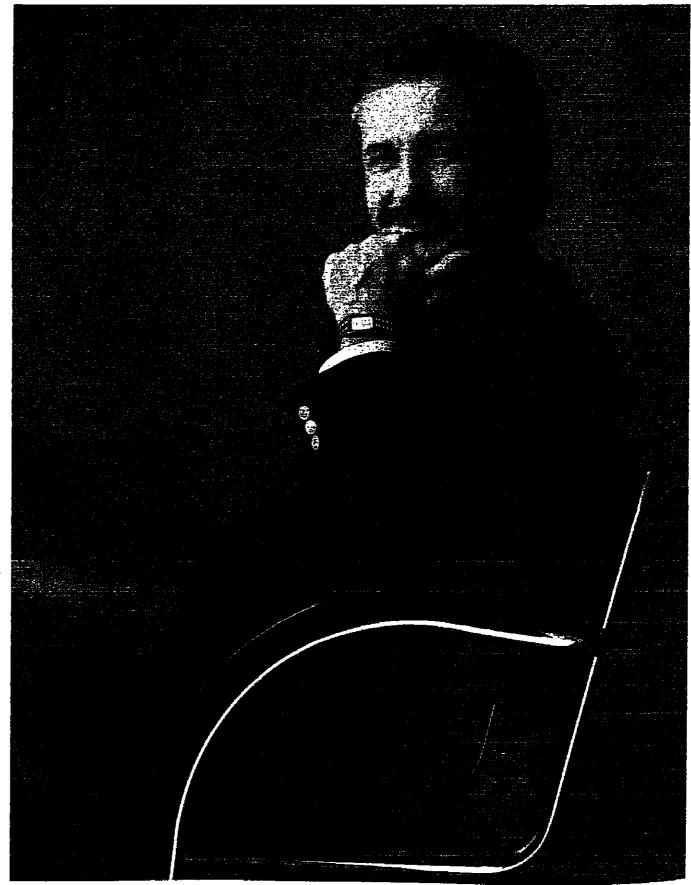
Elaine Williams

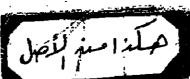
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in May Barnham has been fixed for

July 4th.
At least twenty heads of

Miss Baraham will depart assigned to Prince William's from the Home of the latest fiancée. Somewhat pointedly, he added, why on Revolution, of which she is a member, following Constitution Avenue, to meet the Everyone feels a little As widely anticipated, the tion Avenue, to meet the wedding of Prince William Prince of Wales toste, and Miss Sarah - Jane Later, the couple will drive

Prince William to wed

in procession to the Royal lacepital, Dupont Circle, and transfer to what the Palace

of the United States, will spekicle to take them off for attend the ceremony along their London honeymoon. With diplomatic represents in London honeymoon. With diplomatic represents in London honeymoon. See that the ceremony along their London honeymoon. Sultant added explicitly presented to proceed their special for severy nation. In London honeymoon. See that the ceremony is peakly since she fainted on the processional route. The processional route of the White House at the White House. At the White House at the White House at the White House, arriving at by the Presidents.

See Church of the But yesterday, the Palace of Presidents. Thousands of copies of her Presidents. See the ceremonal feels fine, asserted the over exposure in fashion and dress for the occasion.

The procession of the Mall, then up to record her true state of Presidents. See the Church of the But yesterday, the Palace of the Presidents. Seems to have strongly denied rumours that the dietary consultant added explicitly prescribed that she put on a few pounds extra weight. Certainly, she has been under immense pressure since the engagement. Her entire life has already been examined in holovision and through countless cable than she put on a few pounds extra weight.

Certainly, she has been under immense pressure ince the engagement. Her entire life has already been examined in holovision and through countless cable than she put on a few pounds extra weight.

Certainly, she has been under immense pressure ince the engagement. Her entire life has already been examined in holovision and through countless cable than she put on a few pounds extra weight.

Certainly, she has been under immense pressure ince the engagement. Her entire life has already been examined in holovision and through countless cable than she put on a few pounds extra weight.

The processional countless of the put of the put

aint from time to time and I'm certainly not prepared to get into the numbers game. I see no reason to discuss At least fwenty heads of transfer to what the Palace precisely her well-known state, including the President described coyly as another concern for healthy eating. And that her dietary con-

No future for fortune

theirs is the only real esp discipline and challenging the readers of tarot cards. By Will O'Pharehope teacups, palms and crystal It was a glum crowd of balls to produce equivalent astrologers, palmists and crystal teacups, palms are created to the crystal teacups, palms and crystal teacups, palms are created to the crystal teacups.

in the lawish ballroom of Telepathist Consensus Brighton's Grand Hotel to Secretary James Hogg said, hear speaker after speaker We have given this matter a hold out little hope for the lot of thought, individually future of their trade. Marring and therefore collectively, an already unhanny occasion, well exists to the machine. future of shear trade. Marring and therefore collectively, an already unhappy occasion and come to the unanimous was the stark refusal of the conclusion that it was not British. Consensits of worth attending the meeting. Telepathists to send any delegates to the conference.

The schism in the ranks of and we all realised at roughly the nation's esp-people, has arisen following recent scientific verification of the reality of telepathy by Hitting back on behalf of Professor. Ernst Bohin of the conference. Diana Heidelberg University his researches in this field last Guild said Telepathy sconly

scientific verification of the time."
reality of telepathy by Hirting back on behalf of Professor Einst Bobin of the conference, Diana Heidelberg University, his researches in this field last Guild said Telepathy sonly year earning him a covered part of the picture. The Nobel Prize for Neuro Telepathists spend their time physics. It is the Professor congratulating themselves on findings which take caused trivial achievements like all the trouble.

Put simply, thought is now other's kirchen contains are

indings which have classed trivial achievements like all the trouble.

The simply thought is now other's kitchen curtains are. Tecognised to have objective our work also untilises physical reality, existing both telepathy, but as a means to m wave and particle form, convey knowledge gleaned intracranial thought is come by digging deep into the ceived as particle transfer unconscious. And the tarot whereas transcranial come symbols are still the best munication is possible glyphs we have of that because the brain emits knowledge, no one will electromagnetic waves convince me otherwise.

(Rigown predictably as brain in the Honeysuckle Lee, at 107 same manner as radio waves.

These discoveries have present, read the tea-leaves inevitably widened the rift and pronounced that the between the Telepathists and world would end on May the practitioners of other 21st 2012. Nobody liked to so-called occult arts, the point out that it was already former now claiming that May 25th.

Nostalgia for 80s

sweeps pop world

Best Video went to the whose home she and her veteran singer for her family are believed to be

roll idols as the sounds of

the 80s are revived by groups going back to their roots in the search for new

As leader of new super-group Argema Mittrei told the assembled glitterati 'There have always basically been only three chords, C, F and G7. Okay, with an A

Opposition leads in

The ruling Communis Party is approaching next week's election with mounting trepidation after the disastrous. Kiev .. by election and a recent Pravda

The poll strongly under lines doubts among moderate Communists about the 'Gorbachev factor,' The age-

Certainly the recent holo-vised debate between Gorbachev and opposition-leader Ossip Mandelstam did little to reassure critics. Gorbachev displayed his usual enthusiasm for such issues as dishandment

conventional forces and the EEC budget, but seemed awkwardly reticent on the currently fashionable pop culture revival and the rising price of mineral water.
On the cosmetics front, he

Mandelstam's socks. Shrewd Moscow pundits however, ascribe the drop in Communist support to the Muslim factor.

In the southern region, a traditional stronghold of burgeoning Muslim popula-tion has been switching allegiance in droves to the Muslim Democrats.

Gorbachev's perceived 'quiescence' in the Indian There was a major said it all.'
sensation at last night's The star herself refused Music Industry Awards as all interviews, preferring to eighties rock star Madonna, 53, walked off with no less than six of this year's top nine prizes. The awards for so many years. She left nine prizes. The awards for so many years. She left he awards ceremony on the Best Vocalist, Best Song, arm of old family friend and Best Production. Best Chairman of the Awards Sir Single, Best Album and Cliff Richard OBE, at Whose went to the whose home she and her invasion of Alghanistan has caused widespread resent-ment, whilst the Muslin Democrats have energetically

the central computer collat-ing results. In 32 seats clashes between the national guard and demonstrators led to

veteran singer for her chart-topping successes with 'Still A Virgin' and the 'Never Too Old To Say Yes' album which spear-headed her drainatic comeback two years ago after twenty years of obscurity.

The singer's success is only the latest in a string of the eighties who started the transformation of values that characteriumphs for old rock and roll idols as the sounds of and political thinking of the and political thinking of the following decade. Events like the Live Aid Concerts of 1985 grew into the Sport Aid appeal of the following Aid appeal of the following year in which millions of ordinary people all over the world took part to show the There have always basically been only three chords, C, F they wanted their world to and G7. Okay, with an A be run. It is probably not minor thrown in if you're too such to claim that we come to be really come.

going to be really soppy, but owe our present peace, there's a limit to how much prosperity and plenty to you can really say with what took place on May three chords. Madonna has 25th 1986." £150m tobacco seized in drug swoop

Officers of the Metro- 1996, when the drug joined politan Drugs Squad this marijuana on the prohibited morning seized an estimated substances list. Tobacco £150m of contraband tobacco addicts are required by law in a series of dawn raids to register at special clinics throughout the capital. The where they can receive drug, thought to have been imported from South are at present 37,000 regis-America, was destined for tered addicts in the UK, but illegal 'fag' rolleries in Wales the number of 'fag' users is where millions of cigarettes thought to be double this are still made each year. From 'Wales the 'fags' find on the black market, raw their way to pushers in tobacco now costs upwards because of \$1,300 an ounce. At a London and other large cities of £1.300 an ounce. At a

sell or smoke and for all to stamp out this in Britain since evil trade.

where the drug menace has press conference at Scotland still not completely been Yard after the raids. Comradicated. missioner Drummond said: It has been illegal to We are determined once

USSR polls

poll showing a four point lead to the Socialist Alliance.

ing Premier has been criti-cised for his 20th century image and inept bandling of modern media.

on the cosmetics from, he fared no better. In the funkind glare of holovision, the famous barthmark was glowing a particularly lund purple, a colour perhaps deliberately picked out by

played up rumours of a second Indian offensive. The situation was exacerbated by the conduct of las week's elections to the Southern Regional Council. The communists have been

throughout the region was immediately called by the Muslim Workers Federation in protest against what they called polls piracy by the



and the Workers' Federation declared at a recent protest rally that his party may boycott the forthcoming national election. He also protested at the announcement by the Election Commission that some results were invalid. He claimed that the 22

Muslim Democrats were leading in most of the seats where results were post poned, a move which caused widespread rumours that the Central Committee of the Communist Party had itself placed pressure on the upswing in support for the

Muslim Democrats.

*Poll results: Socialis Alliance 34%. Communist 30%. Muslim Democrats 18%. Christian Democrats

Mars astronauts return -to earth

Mission returned to earth Martha Beauchamp finding manufacture.

yesterday, splashing down themselves at the end of a manufacture.

At one point, the listening manufacture.

There's a small threatening dwarf in the room with us.' Shortly afterwards the crew member and water, they first assumed whife has been thrown at us' yet of any manufacture.

At one point, the listening and colentists bear a crew amount in the room with us.' Shortly afterwards the crew member said 'A sharp, nasty looking water the poposite side of the sun said threatening dwarf in the room with us.' Shortly afterwards the crew member said 'A sharp, nasty looking water the poposite side of the sun said threatening dwarf in the room with us.' Shortly afterwards the crew member said 'A sharp, nasty looking the poposite side of the sun said 'A sharp, nasty looking the poposite side of the sun said 'A sharp, nasty looking the said 'A sharp, nasty looking the said 'A sharp, n

where they are eagerly awaiting a chance to debrief

month-long stay on the red surface. planet have aroused con- The planet have aroused consister was nearly and this siderable speculation as to the extent and significance of the large cave system discovered by Viking crew members during their final days on Mark.

The 3rd European Viking Wisnewski and his deputy and a sword of intricate uncrossable. In a distant mission returned to earth Martha Beauchamp finding manufacture.

Wisnewski and his deputy and a sword of intricate uncrossable. In a distant cavern, a pile of gold, egg shaped nuggets was found into the Bay of Biscay after road in front of a small scientists heard a crew were unable to

Space Laboratory Head showed the artefacts not to in the building outside the quarters in Gdansk, Poland, be of earthly manufacture, cave, have flown to Cherbourg Following the stream to the It is thought that the crew where they are easerly south, they came upon a encountered other dangers awaiting a chance to debrief grating set in rocks which, in the cave system, among

Viking's crew. which stretched for much bore some prints received from the system which stretched for resemblance to a terrestrial Mission during its nine-miles beneath the planet's serpent. A cry of There's no urface. way to deal with this The expedition's speleo-monster was heard, and this

and drove them away.

The Mission's only disaster occured soon afterwards when biologist Jacques Beanne, after having negotiated a precarious ledge running round the edge of a vast underground pit, slid down an icy tunnel and was never seen again.

Mission Control analysts
in Gdansk have been exultant

troglodytic creature appeared

over Viking's extraordinary finds and yesterday angrily dismissed speculation from the French Nobel Prize Winner O. Froid that there had actually been no such discovery on Mars and that the message from the spacecraft had been due to a computer malfunction resulting in unintended trans-mission of a computer game days on Mars.

One of the most intriguing loaded with equipment.

Glansk talked of Mission the cave were a jewel Commander

Stanislaw encrusted, visorless helmet crew were warded an abyss which proved

In the original ing in unintended transmission of a computer game with which the crew were with which the crew were whiling away the long hours.

Compaq computer, he said.

It on in the Games.

A total of 118 Soviet and the transmission of a computer game with which the crew were willing away the long hours.

Compaq computer, he said.

Flight chaos in run-up to Delhi Olympics

By our Delhi Correspondent Foreign visitors to the Delhi Olympics, due to open built Indira Gandhi stadium are experiencing massive delays as a backlog of unscheduled flights clogs Palam Airport. The extra aircraft, mainly from the USSR and the Eastern bloc countries had not been catered for, as until earlier this week it looked as though the Russians would carry out their threat to boycott the Games and hold their own in Prague. The Russian boycott threat first arose over the Indian presence in Afghanistan, which has been steadily intensified in recent weeks. However the ailing within his own country for his dovish approach to foreign policy, is thought to have swayed the Politburo in favour of Russian participation in the Games.

A total of 118 Soviet and
Eastern bloc aircraft made

Abadia seeks U.K. Aid

The Abadian Government amounced today that it is seeking British help to Minister Ahmed Al Mansour the world's leading proexpand its successful solar industry. The country's nuclear options were exhausting produce an annual output of Saharan Solar Fields already produce an annual output of Saharan African, countries, some 3,400,000 gigawatis of electrical power, supplying the southern and central Functional aride with 11 K.

Business whytesmean once drought- and famine-once drought- and famine-of Africa into the world's leading producers of grain and power will soon be bringing large benefits to the energy-poor northern nations.

Since the final demise of nuclear electricity production in the late nineties, at 125,000 still agreement made it imperative to develop and maximise solar energy produces the single for the southern and central the southern and central will make it possible for the first time to employ digital electrical power, supplying the southern and central European grids. With U.K. technology and investment it is estimated that a further, 2,500,000 gigawatts of capacity could be added, enough to supply the northern European nations with cheap power. In return, the Royal Navy will receive additional facilities at heading and the next supply the supply the supply that the supply the Abadian ports and the naval base at Kobrut will be made available to the British

by Abadia

Our Economics Corres- worldwide upturn in indus-

announced today that it is Resources. Abadian Prime ridden nations of Africa into imperative to develop and seeking British help to Minister Ahmed Al Mansour the world's leading proexpand its successful solar said Ever since the oil and ducers of grain and power industry. The country's nuclear options were exhausted, it has been clear that benefits to the energy-poor produce an annual output of Saharan African countries, northern nations.

Some 3,400,000 gigawarts of together with India would Since the final demise of the countries and the same as a second countries. With continued co-operation hastened by the 1986 disaster the once impossible dream of at Chernobyl in the Ukraine.

the once impossible dream of a tchemobyl in the Ukraine, a cheap, clean, inexhaustible supply of energy for all will soon be realised.

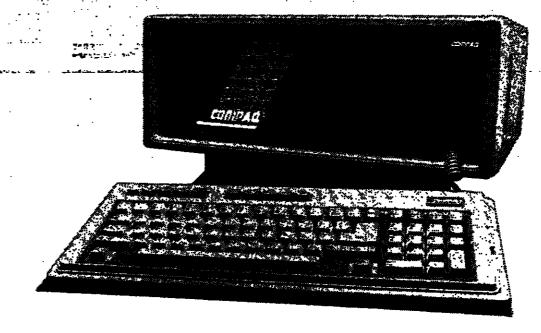
The expension of the Marsuk Solar field will enable electrical supplies to Britain to be stepped up and within four years 89% of UK electricity will be provided by Ahadia.

at Chemobyl in the Ukraine, a of the north's needs. But the

duction in the Sahara. Commodity prices fell alongside the price of alongside the price of energy, giving rise to the relatively new phenomenon of negative inflation. It remains to be seen what warships.

pondent comments: The trial output, speeded by effect the new influx of energy would always be
Speaking at the United continuing economic miracle dramatic cuts in defence cheap Abadian power will better standby than mountained that has transformed the budgets following the Salt have on Britain's unemploy- tains of foodstuffs or gold.

energy storage on a mass scale, stockpiling surplus energy for export to regions munity spokesmen at the EEC Energy Commission Headquarters in Zagreb hailed the prospect of digitalised 'energy moun-tains' as vital to the future of Europe and the world. Raw effect the new influx of energy would always be a cheap Abadian power will better standby than moun-



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为什么<mark>是否</mark>是是有关的是一些是是是不可能的。

As President Botha acts to protect the 'security of the state', the Eminent Persons Group publishes a damning report

S. Africa

'at risk' from radical

elements

By Patti Waldmeir in Cape Town MR P. W. Botha, the South African President, yesterday gave his reasons for adopt-ing the harshest emergency powers since 1960 in a speech before a joint sitting of the tri-cameral parliament in

He said the "security of the state" was at risk in the face of planned protests by "radical and revolutionary elements" to mark the 10th anniversary of the June 16 Soweto schoolchildrens' up-rising, adding that "the ordinary laws of the land ... are inadequate to enable Government to ensure the security of the public and to

maintain public order."

Mr Botha cited the recent upsurge of black-on-black violence 2s justification for the emergency, arguing that "violent has been imposed on decent members of the black community by faceless socalled comrades." The "burning of innocent people" become a daily

"It is clear that black revolutionaries do not enjoy the spontaneous support of the majority of blacks and that they consequently resort to these methods of intimidation in order to gain control."

President Botha indicated that he expected strong criticism "and even punitive measures" from the outside world as a result of yesterday's declaration. But he dismissed the drive for sanctions against South Africa in the US as a "cynical, political move to buy black votes in the US at the expense of job opportunities for black people in . . South Africa." Some "temporary tension" could be expected in the financial markets, he said, but exporters should capitalise on this to capture export markets. "For this reason, these measures should soon also act to the advantage of

the national economy as a The President condemned the interference of the outside world in South Africa's crisis, saying: "We have seen clearly, what happened in Angola, as well as in Vietnam, Nicaragua, Kampuchea, Afghanistan and Iran. We will consequently not allow our heritage of more than 300 years to be placed needlessly on the altar of chaos and decay."

Without change, cost in lives could be millions

THE REPORT of the seven-member Commonwealth Eminent Persons Group (EPG) published yesterday provides a detailed analysis of contem-porary South African politics, assessing the Government's com-mitment to reform the nature assessing the Government's com-mitment to reform, the nature and causes of violence in the Republic, and the responses of black and white political parties, the churches, and the business community to efforts designed to start political dialogue between the races.

It also traces a marked shift in the South African Govern-ment's response to their mis-sion, from an apparent willingness to negotiate to a harden-ing in attitudes highlighted by last month's raid on three neighbouring states.
The framework in which the group worked was set out by Commonwealth leaders meeting in Nassau last October. The South African Government was

To declare that the system of apartheid would be dis-mantled and take meaningful To release immediately and

unconditionally the detained African National Congress (ANC) leader, Mr Nelson Manand other political To lift bans on the ANC and other parties, and
To initiate a dialogue leading

to "a non-racial and representa-tive government," with all parties to the dispute having suspended violence. The report deals with these points in turn.

Apartheid is "awesome in its cruelty," begins the report, citing the consequences of a system which gives some 86.3 per cent of its land to whites and 13.7 per cent to about six times as many blacks.

The report acknowledges that changes have been taking place in South Africa, giving as examples the introduction of freehold rights in black townships, recognition of black trade unions, desegregation of certain public amenities, and the end the pass law system. But, says the report, "the

foreshadowed to date must be viewed against the background of (Government's) determination not to give up white control. The harshness of apartheid is being softened. But the essential pillars remain: the homelands policy, the Population Registration Act, the Group Areas Act." In its "unambiguous insistence on a political structure based on communities, the government is in reality seeking to preserve

and entrench a society based on racial groups."

The report continues: "We are sceptical of the intention of the Government to dismantle completely the system of apar-theid . . . their actions up to this point do not justify any claim that apartheid is being dismantled. The argument that the considerable change which we have seen is directed to that end founders, irretrievably, on the rocks of 'group rights' and white control."

The report reviews the range of white attitudes, from the ultra conservative to liberal Afrikaner students. "Many whites genuinely enter-tain fears about their future in any new dispensation. We found a keen awareness of this among responsible black leaders," says the report.

"It is a tragedy that the Government, as a matter of policy, is seeking to deepen these fears. The report endorses an assessment of the ANC as 'a movement of pragmatists, not Turning to violence in South

Africa, the report sees the creation of the apartheid state as inherently violent, and traces the history of forced removals, the creation of "homelands" and the decision of the ANC and the Pan African Congress (PAC) to turn from non-violence to armed resistance In the course of their visits to South Africa the Commonwealth representatives say that they received widespread complaints about police and army conduct which had "an unmistakeable ring of truth. Claims ority" and emphasised that he that the security forces provoke was a nationalist, not a com-

From a technical viewpoint, tance. the Government had lifted the

SOUTH AFRICAN military

activity in southern Africa

has cost the black-ruled states

in the region of \$10bn (£6.7bn) between 1980 and 1984, over 1m people have

been displaced and thousands have died, according to a study published today by the Catholic Institute for Inter-

national Relations.



General Olusegun Obasanjo (left), former president of Nigeria, and Mr Malcolm Fraser, former Australian prime minister, were co-chairmen of the Eminent Persons Group which yesterday urged the dismantlement of apartheid in

Military activity 'has cost black-ruled states \$10bn'



Mission to South Africa The Commonwealth Report

report: "In reality, however, further into a permanent state of emergency in terms of the ordinary laws of the land." In the course of their visit the group twice met Mr Nelson

Mandela, "a commanding presence" who "exuded auththat the security forces provoke was a nationalist, not a comviolence are confirmed by our munist. "His freedom is a key
own experience," says the
report, which also concluded
that there was "a systematic and
seemingly orchestrated campaign of intimidation directed
at activities in the democratic
cause."

Erom a technical viewpoint

was a nationalist, not a communist. "His freedom is a key
component in there being any
hope of a peaceful resolution
of a conflict which otherwise
will prove all-consuming." says
the report. The call to release
Mr Mandela "is one to which
we attach the highest impor-

The report stresses that the state of emergency, says the group did not attempt to "pre-

in the capitals of Lesotho.

Botswana and Mozambique

(last month's raid on Harare,

Zimbabwe, took place after the book was written), dis-rupted oil supplies to Angola, Botswana, Lesotho, Malawi, Mozambique and Zimbabwe and disrupted the

rallways providing their main

trade routes. Military activity

is either direct or covert, in

the forms of support for

scribe what the future constitutional structures of South Africa that a process of dialogue should take place "in an envir onment of free political activity," called for at Nassau: "The Government has made no movement towards this goal. Indeed, recently it has been moving in the opposite direc-

The report set out what it termed a "negotiating concept" put to government and other parties, calling on the Govern-ment to take "meaningful steps" to end apartheid, remove ment to take "meaningful steps" to end apartheid, remove the military from the townships and provide for free assembly; release Mr Mandela and other detainees; lift the bans on the March the 'negotiating concept'

More than 100,000 people

have died, most of them

starved to death in Mozam-

bique because South African-backed rebel activity pre-

South African destabilisa-

tion, says the study, has caused \$1.5bn worth of direct

war damage, while higher transport costs have con-sumed over \$1bn, export losses come to over \$1bn and higher military budgets attri-

vented drought relief.

ANC, PAC and other political was submitted to the govern between two stools. parties. The ANC and others ment."

"Its promises of reform have were expected to enter into negotiations with the Government and suspend violence.

The report says the group was "struck by the overwhelming desire in the country for a non-violent negotiated settlement." But the South African Government's poistion " defies succinct summary. It has perfected a specialised political vocabulary which while saying one thing, means quite another."

On the question of violence, the Government did not recognise that apartheid was sus-tained through violence: "Nor was there any willingness to admit that the militarisation of the townships and the well documented brutality of some elements of the security forces were themselves provoking a violent reaction."

Mr Mandela, says the report. expressed his personal acceptance of the Group's negotlating concept as a starting point, although he could not speak for the ANC without consultation. He was not in a posi-tion to renounce the use of violence as a condition of his release, and we recognised that

release, and we recognised that in the circumstances currently prevailing in South Africa, it would be unreasonable to expect that of him."

ANC officials in Lusaka. Zambia. emphasised that violence would abate if apartheid was dismantled: "If the army and police pulled out of the townships, the ANC could begin to consider a suspension of violence." But "for the ANC to renounce violence now would be to reduce itself to a state of helplessness. There must first be sufficient indication of the South sufficient indication of the South
African Government's readiness
to negotiate the transition to nonracial sovereignty," was the ANC
view.

At one stage in their visit, says

huted to greater defeace needs have cost over \$3ba. Further indirect losses

have been caused by the chan-

nelling of resources into defence rather than industry

or infrastructure, giving a total burden of at least \$10bn,

Says the report.

Beggar Your Neighbours:
Apartheid Power in Southern
Africa, Joseph Hanlon, published by CHR, 22 Coleman
Fields, London N1 7AF. 28.95

On April 24, Mr Pik Botha, the created anxiety among certain on April 24, ar rat Boths, the Foreign Minister, formally replied in what seemed positive terms, shifting it seems from a demand that volcince be "renounced" as a condition to talks.

When the group resumed dis-cussions in mid May on their second visit to South Africa, the Government's position appeared to have hardened and a range of objections were raised. At a meeting in Lusaka on May 17, however, the group was encouraged by the organisations willingness to give the negotiating concept further consideration. They would give a firm answer in about ten days.

The group returned to Johannesburg for further con-Johannesburg for further con-sultations with internal black-groups On the morning of May. 19, shortly before the group was due to meet the Cabinet Con-stitutional Committee in Cape Town, news came of South African raids on alleged ANC targets in Zambia, Botswana, and Zimbabwe.

and Zimbabwe.

"The attacks confirmed the worst forebodings of the many organisations and individuals who had warned us not to put faith in the word of the South African Government. It was all too plain that, while talking to the Group about negotiations and peaceful solutions, the Goverument had been planning these armed attacks.

Before reaching its con-clusions, the report reviews the damage wrought on neighbouring states by South African
military raids and says:
"Apartheid poses a threat
beyond its borders."
"It is our considered view,"
says the report, "that despite
appearances and statements to
the contrary, the South African
Government is not yet African

Government is not yet ready to negotiate (a non racial and representative government)."

"It is in truth not yet prepared to negotiate fundamental change, nor to countenance the structures, nor to fees the world constructures, nor to fees the world constructures.

domination. There can be no negotiated violence."

Settlement in South Africa The report of without the ANC if the question . . . if the question . . . if the properties that itself mable such measures to talk with men like Mandale change it is all to talk with men like Mandela and Tambo (the ANC presi-dent), then the future of South Africa is bleak indeed."

to right wing anxieties . . . the

sections of its supporters yet the reforms themselves have made little impact on black attitudes, save to confirm the Government's implacable resist-

ance to significant change."
"For all the people of South
Africa and of the sub-region as a whole the certain prospect of an even sharper decline into violence and bloodshed . . . a racial configuration with frightening implications threatens,"
warns the report: "In the
absence of significant moves to break the cycle of violence we see the prospect as inevitable and that in the very foreseeable

"What can be done?" asks the report. "As the Nassau Accord makes clear, Commonfuture. Accord makes thear, Common-wealth heads of Government have agreed that, in the event of further progress not having been made in South Africa within a period of six montis, they would consider further measures.
"While we are not determin-

ing the nature or extent of any measures which might be adopted, we point to the fact that the Government of South Africa has itself used economic measures against its neighbours ... We are convinced that the Covernment is concerned about the adoption of effective economic measures against it. "If it comes to the conclusion that it would always remain protected from such measures, the process of change in South

Africa is unlikely to increase in momentum and the descent into violence would be accelerated. In these circumstances the cost in lives may have to be counted in millions. "From the point of view of the black leadership, the course

now taken by the world com-munity will have the greatest structures, nor to face the pros-pect of the end of white have only one option remaining:

The report concludes: "The question is not whether such measures will compel change: it is already the case that their absence and Pre-toria's belief that they need not be feared, defers change. Is the "The whole thrust of Government policy has been to allow the cycle of violence to thwart. legitimate leader ship from emerging and destroy it where it does. By pandering Such action may offer the last opportunity to avert what could Government fortifies them . . . be the worst bloodbat it is also in danger of falling the Second World War." the worst bloodbath since

The study, by Joseph Han-lon, says that since 1980 South Africa has hit targets Keating warns of tough budget

BY LACHLAN DRUMMOND IN SYDNEY

MR Paul Keating, federal trea- I can do is to create the con- Industry for its negative reac- criticism that the Hawke statehis toughest yet and said too interview.

budget would follow the gene-ral tone of the Hawke address

"I cannot predict interest Mr Keating also criticised the rates set in the market. What Confederation of Australian

much had been expected from the Prime Minister's economic address to the nation on Wednesday night, which was poorly received by the markets for its lack of detail.

The August budget would be the nation on wage system and their the "hardest and toughest (the CAI) employers will get ripped off by claims by unions outside the accord (wage pact) — which they well know," Mr Keating said. Mr Keating promised his stringent."

Country faces, which are Keating said.

We would follow the stringent.

the Government gave scope for not give a figure on expendi-interest rates to fall later this ture cuts or the scale of the

surer, warned yesterday that ditions where the falls are sus- tion to the wages element of his August budget would be tainable," he said in a radio the Hawke address. "If there is no 2.3 per cent wage rise there

"We have had a wage rise of get would follow the genetone of the Hawke address said it was important that review but Mr Keating would we are saying that despite that we'll have a further discount (on inflation rates) next year.

ing it was not meant to be financial analysts but a speech to ordinary Australians.

ments will receive their first the annual premiers' confer-ence today, with the federal paymasters expected to demand real cuts in funding to the The states are expected to

face overall cuts of up to 1 per deficit.

Mr Keating also criticised the say."

Mr Keating also rejected off after inflation. Now that's a very hard thing to cent in real terms, leaving say." them A\$200m (£93.5m) worse

Libya may try to strengthen

COLONEL Muammer Gadaffi,

the Libyan leader, yesterday gave notice that he might try to strengthen his country's ties with Moscow after the punitive US raid on April 16 against targets in Tripoli and Benghazi. Having emerged from nearly two months of virtual seclusion. he said in a televised broadcast: "We are seriously considering an alliance so that balance is

which it only has with Syria and South Yemen in the Arab world. Given the weight of the American retaliation against Libyan sponsorship of terrorism, Moscow's verbal backing for Libya was surprisingly luke-

favour of such a binding com-nitment and even the granting of military facilities to the Soviet Union.

regards between a ministry which regards itself as something of a moral guardian and the main teacher's union. Nikkyoso, which the ministry contends is dominated by marxists.

National Council has active involvement in running the state while they concenting the state while they concen-trate on the country's growing economic problems.

has kept a low profile. His appearance yesterday at a rally at Darnah on the north-east coast and on television in what appeared to be a recorded address coincided with the 16th anniversity of the US pull out. the academic establishment, woke up belatedly to what was going on in the screening committee.

If 1982 and lost year are any grade, the covernment will tripoli.

Col Gadaffi said any more US the textbook going out in its presently approved form.

Col Gadaffi said any more US the textbook going out in its attacks would turn the Mediter range into "a sea of blood."

Egypt urged to reschedule debt

A SENIOR International Monetary Fund official has called on Egypt to engage in an orderly rescheduling of payments on its large foreign debt, which stands at more than \$30bn (£20bn).
Dr Abdel Shakour Shaalan, the IMF's regional director,

said in an interview published in the latest edition of the emi-official al Mussawar magazine that Egypt had several choices in dealing with its debt included bilateral

agreements with its main creditors or a comprehensive arrangement through the Paris Club Dr Shaalan recently visited Egypt at the head of an

tations with Egyptism officials ton later this month for discus-Egypt is encountering serious sions with Fund officials balance of payments difficulties. The IMF is orging Egyp expatriate remittances. The pricing reforms and reduce its Government has indicated it budget deficit.

would prefer bilateral re- Meanwhile Mr Abdel-Halim scheduling arrangements with Abu-Shazala, the Defence Ministeral conditions of the bulget deficit. expatriate remittances. The Government has indicated it would prefer bilateral re-

countries have said they would prefer a comprehensive agree

the IMF, Mr Kraske said.

standing signed."

The World Bank had also pledged \$100m, he added.

The IMF is orging Egypt to because of reductions in the standard its complicated ex-revenues from oil lourism and change rate regime, introducing

Textbook row catches Japan off guard Tanzania to receive It is believed that the Soviet Union has declined to offer Libya the kind of binding pact \$800m in aid and loans

JAPAN'S embarrassment with China and South Korea over a proposed school textbook appears to stem not from a conscious act of Government policy but from the successful lobbying of a small but well-connected right wing pressure

Japanese officials this week insisted no decision had been Kaifu, said the book had passed The moving force beh schools next year or to display it at next month's annual textbook exhibition.

However, the Government front was anything but united. While the Foreign Ministry said

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pose of transporting oil and gas from off-Further details will be forwarded upon request to the auchoneer, KOEBENHAYNS AUKTIONER A/S 4 Aebeloegade, DK 2100 Copenhagen. Phone 451 295000

his ministry's screening processes even after extended deliberations. He added, how-ever, that Japan's "true inten-tions" were being explained to In 1982, proposed textbook

alterations were withdrawn after strong Chinese and Korean protests. Last year. China con-demned official visits to the Tokyo shrine commemorating Japan's war dead, which Japan's war dead, which includes 14 convicted for war crimes, by Mr Yasuhiro Nakasone, the Prime Minister. Mr Nakasone subsequently dropped another planned visit

The ministry has not released the book for public consump-tion, but those fragments which have been reprinted in the local press suggest it revives some pretty hoary nationalistic con-

The Japanese right, for example, has long claimed that the "rape of Nanking" in 1937-38 did not take place and that 140,000 Chinese were not massacred in a month; the text-book says there is no consensus

The book also asserts that Japan did not impose "amaigamation" on Korea in 1910 but had an agreement with the Koreans to that effect. It also appears to revive the old debate over the Emperor's divinity, which he formally renounced in 1946, and comments favourably on the pre-war doctrine of "kokutei," whereby the Japanese polity was built on the historical relationship between a benevolent emperor

The moving force behind the new book is an organisation known as the National Council for the Defence of Japan. It has long been lobbying for a revision of the post-war "peace" constitution, as well as for even more special commemorations of the 60th anniversary on April 29 of the Emperor's rule.

Its chairman, Mr Toshikazu Kase, a well-known ultra-con-servative and former UN ambassador, is widely credited with having masterminded what many Japanese felt was the surprising award in 1974 of the Nobel Peace Prize to the former Prime Minister, Mr Eisaku Sato.

Another key member is Mr Jiro Murao, formerly of the Education Ministry and a known critic of what the Japanese right wing considers the socialist slant of many post-war Japanese slant of many post-war Japanese outstanding arms debt to the textbooks. Education has been Soviet Union is believed to be a regular battleground over the

on whether or not the atrocities were committed.

The book also asserts that lanan did not impose "amalgamittee it is satisfied with the It appears that the other parts

of the Japanese covernment, as well as the centre and left of the academic establishment, woke up belatedly to what was going on in the screening com-

Moscow ties

achieved"—with reference to Libya's posture as a non-aligned nation.

warm.

Col Gadaffi's attitude to the commitment involved in a treaty of friendship and cooperation may have changed

since the US air raid. A treaty has been the subject of desultory consultations over the past few years. Major Abdul-Salam Jalloud, the Libyan leader's trusted aide and a hard-beaded pragmatist who visited Moscow last month, may be in

Libya's dependence on the Soviet Union for sophisticated weaponry is almost total. Its in the region of \$4bn-\$5bn

Since the US air raids he

IMF team engaged in consulvelopment, will visit Washing

TANZANIA should receive The donors will also release around \$800m (£536m) in aid some \$400m from previous com- and loans next year following mitments held up by Tanzania's an agreement on its economic long-stalled negotiations with recovery programme with the International Monetary Fund, World Bank officials said, Reuter reports from Paris.

After a two-day meeting of with the IMF for nore than 20 donor countries are years to reach an agreement and international bodies, Mr on its debt was a greenest with the LIME for more than five years to reach an agreement on its debt, which stands at around 33bn.

Mr Cleopa Manya, Tanzanian; Finance Minister, vesterious continued reports from Dar es Salaam that an agreement in principle had now been reached and a memorandum of understanting signed. Jochen Kraske, World Bank official and chairman of the meeting, told a press conference that Tanzania's main foreign donors had agreed to give some \$130m in aid next year.

The donors were meeting for the first time since 1977.

Israel sets up religious council of reconciliation BY ANDREW WHITLEY IN TEL AVIV

THE ISRAELI Government yesterday responded to the violent tug-of-war between religious and secular Jews by setting up a council of reconciliation chagred with looking into the sources of dispute. Following Tuesday night's attempted burning of a Tel Aviv synagogue — an event Aviv synagogue — an event which left most Israelis aghast, Mr Shimon Peres, Prime Mini-ster, yesterday convened a second crisis meeting at which

"Stop your incitement, You "Stop your incitement: You lot have caused the burning of a synagogue with this incitement," one MP from Agudat Yisrael, the ultra-bribodog party, screamed at Mr Shlomo Hillel, Speaker of the Rhesset, on Wednesday, The war of words with an occasional resort to closing life about much more than life tastefulness or otherwise of the

bikini advertisements As Al Hamishmar, the left-wing daily, put it yesterday, the real intention (of the ultra orthogox Jews) is to change Israel's basic character "and the country won't know peace until this is realised, or thwarted, once and for all."

its bajor creditors, notably the fer, has begun a visit to Wash-US. France and Spain, but these ingress for discussions on a ingto for discussions on a range of issues, including Egypt's problems in meeting its military debt to the US. Egypt has not yet engaged Egypt is judgestood to be in serious talks with the IMF seeking a review of repayment on a standby facility, but a high-terms on thet debt, which exlevel delegation led by Mr. ceads \$4bn. An arrangement Kamal Ganzoury. Minister of which would allow the Egyp-Planning and International Description and the control of the contr

> Austerity package for Tunisia

By Francis, Ghilles.

A PACKAGE of ansterity measures introded to prevent any further deterioration in Tenista's external payments dustion has been approved by President Habib Bourby President Habib Boargriba.

However, among the
Basares amonaced by Mr
Bashid Mar, Minister of the
Economy, no mention is made
of any further devaluation of
the dinar. The Tunisian currency was allowed to lose 10
per cent of its value last
autumn and both the World.
Bank, and the IMF, which
have been actively salvising
the Tunisians behind the
scenes, feel the dinar remains
overwhined.

The measures, amounced
the week before an important

The measures, amounced the week before an important congress of the ruling Socialist Desicon: Party, include a shift from capital to labour intensive measures designed to Shorta the growing musher of abemployed and greater encouragement to promote exports.

The Government has not forgotten the riots of January 1984 which followed the doubling of the price of bread and has indicated its intention of increasing basic wages in industry and farm-

wages in industry and farming.

The growing difficulties

Tunisis faces on its external
payments this year is due to
the decline in the price of oil
(one third of export
receipts), a fall in remittances of Tunislan workers





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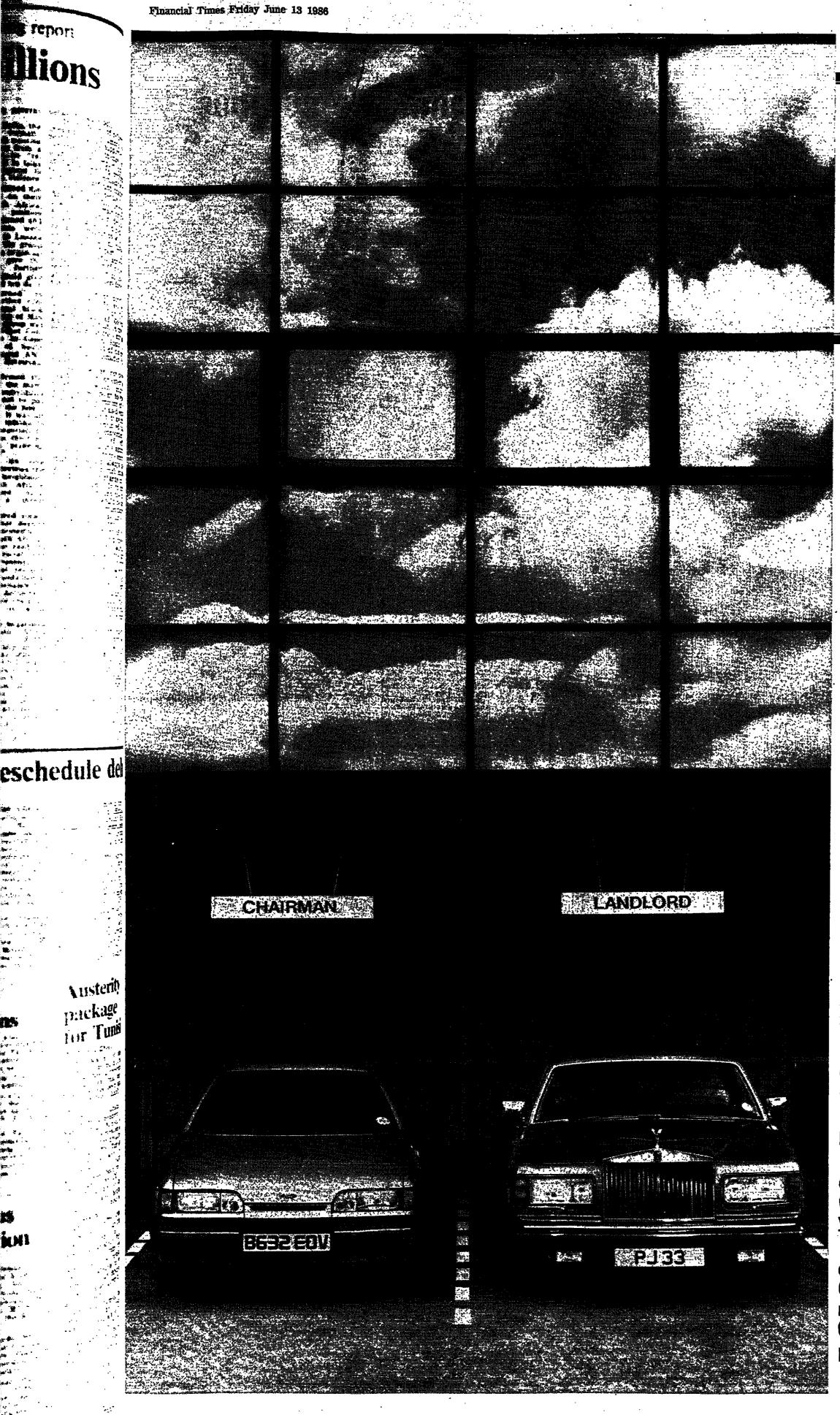
But whether you rent or buy, you'll pay no rates until April 1992.

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It makes sense to go round the bend.



US chip makers agonise over benefits of Japanese negotiation

lewer.

in consumer goods, while the

figure in the US is much

said that 83 per cent of the

semiconductors it buys are

designed for its specific needs.

and according to a recent sur-

vey it had conducted only 3

per cent of its needs could be

satisfied by American makers.

is giving in to the US, rather than fighting our case with statistics," said an industry executive. "The most sophis-ticated chips in the world are

being developed here in Japan," comments another

"My impression is that Miti

One major VCR maker

negotiations on the details of a railroaded into a politically exframework agreement to settle their disputes over semiconductor trade, US chip makers are anxiously assessing the results of their year-long campaign to counter what they see as unfair stated goal has been to create Japanese trade practices.

agree" on a resolution of the trade dispute is widely seen as a victory for the US industry. with details of the settlement still to be worked out, there is ne concern that the accord will not represent the long-term comprehensive solution that US chip makers have sought.

The "agreement to agree" was achieved in talks between Dr Clayton Yeutter, US Trade Representative, and Mr Michio Watanabe, Japan's Minister of Trade and Industry.

Initial reactions from the industry have been extremely cautious, apparently because they fear that any comment at this stage might upset negotia-tions, and also because they tend doubling their current sales in to take a jaundiced view, despite Japan, over a five year period. their past enthusiasm for seeking a Government-negotiated settlement with Japan. "We have heard a lot of promises from the Japanese in the past, with no results," says one industry official.

There is also growing concern that the terms of the agreement, when they become public, will not fully meet the expectations of the US chip makers. "US tem designed to ensure that the US companies would need the use of the u There is also growing concern

pedient settlement," observed Mr Michael Kubiak, an industry analyst at Kidder Peabody and Co, in San Francisco.

The US industry's oftenapanese trade practices.

Although the "agreement to trade competition in the \$25bn world semiconductor market, reversing a trend toward growing Japanese domination. With trade complaint suits, filed last year, US chip makers aimed to eliminate non-tariff barriers which, they claim, have pre-vented them from gaining their fair share of Japanese chip pur-Another important issue has been finding a way to prevent Japanese companies dumping chips in the US at "below fair value" prices.

Both issues will be addressed in the accord. Although details of the agreement are still being worked out. US chip makers are expected to be promised a 20 per cent share of the \$9bn

In return, two major dumping charges against Japanese chip makers covering "dynamic random access memory" chips and "erasable programmable read-only memory" chips will be suspended. In addition, the governments

It is not often that Japanese industry Government officials disagree in public as a result, both sides are putting up a public front of "no comment" on the recent framework agreement reached between the US and Japan on semiconductor trade, writes Carla Rapport in Tokyo.

Privately, however, Japanese electronics industry executives are disgruntled with the progress of the talks, with reactions that range from outrage to resigned disappointment. "I think the Japanese side has suffered two losses but made no gains two losses but made no gains.

We are the scapegoals of all this trade friction." said a senior executive at one of Japan's largest electronics

The Japanese expect the

dumping does not occur in the

future.
It is clear that the US chip makers had hoped to achieve much more than the 20 per cent share of the Japanese market that they are now being offered. But even a 20 per cent stake of the \$9bn Japanese chip market represents a major new opportunity to US chip makers.

settlement between the US and Japan to include a com-mitment to boost the US share of the Japanese market by 20 per cent, or a commit-ment to triple US semiconduc-

ment to triple US semiconduc-tor sales in Japan in dollar terms within five years. Second, they expect that the US Department of Com-merce will assign each Japan-ese chip exporter a "fair value" for chips sold in the US. This fair value may also apply to chips made in third us. This fair value may also apply to chips made in third countries. The value is also expected to be passed on to EEC officials, in order to prevent charges of a US-Japan semiconductor cartel.

Both results, according to Inspired industry countries.

Japanese industry executives, are unfair to the Japanese. Major chip purchasers point out, for example, that more than half the chips bought by Japanese companies are used

buying American chips. These companies also represent the to make major investments in Japan," points out John Lazlo of Morgan Stanley. "Where is the money going to come from?" US industry's strongest com-

Two aspects of the plan are Analysts raise several other important questions about the Japanese agreement to buy more US-made chips. Initial reports suggest that the Japanese Ministry of Interna-First, they complain, the scheme tional Trade and Industry (Miti) has persuaded only the top dozen or so Japanese electronics companies to adopt its "affirmative action plan" on want to buy. system will apply only to Orders for commodity chips Japanese sales in the U.S. This

"But where is the invest-ment here?" he asked, Jap-anese executives also fear that Texas Instruments, the one US company which is a major producer of chips in Japan will be exempt from any price monitoring system. bitterly. "When the US realised it was behind, it filed Miti has shifted its stance in the past year from a de-fensive one to a more con-

with lower profit margins would be of little benefit to US manufacturers, but orders for the very latest chips would raise

in Europe.

concerns that Japanese com-panies might "reverse en-gineer" their products. would prevent them gaining direct access to some of their largest potential customers in Japam—automotive and industrial manufacturers. Secondly, they are wondering what types of chips their competitors will now some indications that the system will apply only to

ciliatory posture. This is partly because the Govern-ment dld not want the humi-

liation of losing the US 301 unfair trade sult, nor did it think the industry could sur-

vive an imposition of dump-

ing duties or quotas on dyna-

mic random access memory

chips, particularly as the new 1 megabit market is now

picking up.
One Japanese executive

noted that US companies had

made large investments in Europe to avoid high tariffs, which accounted for their relatively large market share

would severely limit the effectiveness of the system from the plant averaging over \$50m, this US point of view.

"If the Japanese can sell chips in the 'rest of the world market' for lower prices than they can sell in the US, then this will accelerate the movement of US computer makers offshore." points out Mr Kubiak.

He also says that the 8 per cent profit margin above production costs that is con-sidered a "fair price" under US law is precious little. US manufacturers could not compete with such prices in many cases. By setting a floor price on semiconductors the scheme might encourage Japanese manufacturers to lower the prices of many of their products, he fears.

Nonetheless, any agreement on the part of the Japanese to raise prices must be helpful to the US industry. "For the first time the US industry will be able to increase its market be able to increase its market share both in Japan and the US, says another analyst. She predicts that Japanese manufac-turers will lose market share in the US when they are unable to undercut US prices.

semiconductor industry's prob- effectively setting up an inlems with Japanese competition dustry cartel. are beyond the scope of the trade agreement. Most important is the lower cost of bring an end to free trade in capital in Japan. Because the semiconductor industry is cliven the continuing litigation highly capital intensive with their fears may not be realised.

gives Japanese companies a major advantage.

Another unresolved issue to alleged Japanese copying of US chip designs. Intel, a major US chip maker, is currently battling NEC, one of the largest Japanese semiconductor manu-facturers in a complex court case that centres upon charges that the Japanese company has infringed Intel's microproces copyrights, and Texas Instru-ments is suing eight Japanese and one Korean company.

Texas Instruments, the largest US chip maker, has also filed a related trade complaint that has been described by US International Trade Commis-International Trade Commis-sion officials as potentially the largest ever in terms of the value of products that it covers

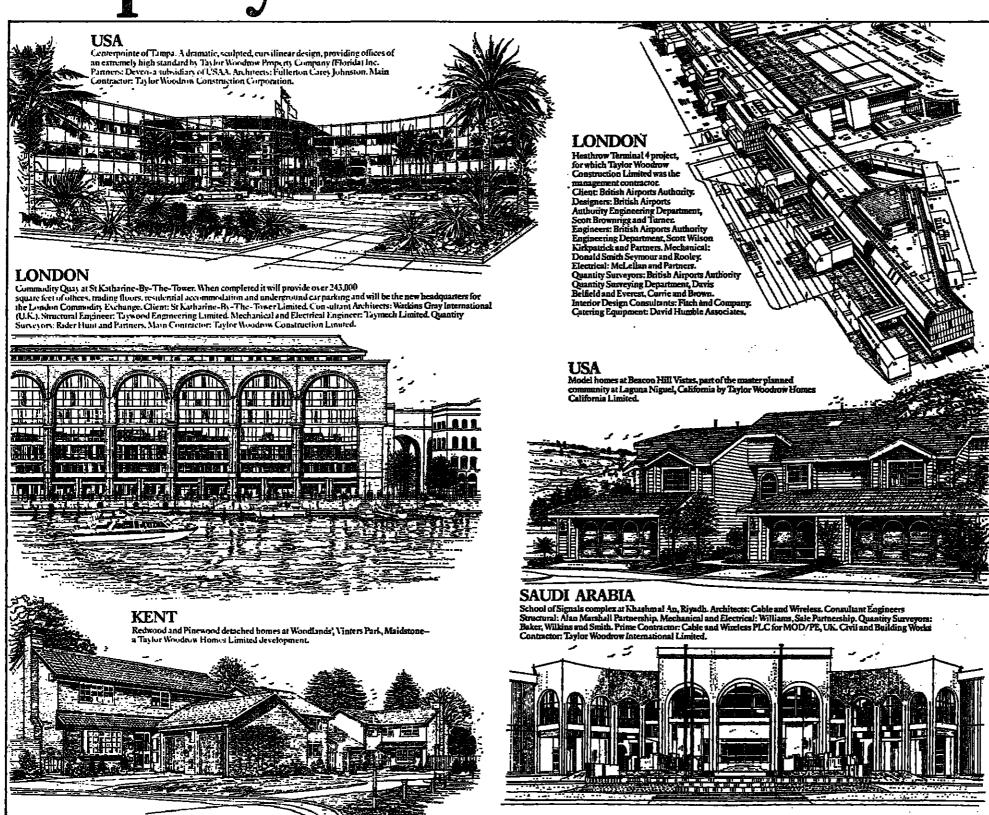
But the greatest discomfort in US semiconductor industry circles concerns Government control of semiconductor trade Although the industry sought Government intervention to solve its trade problems, industry leaders are strong "free trade" advocates. They resent o undercut US prices.

Crucial aspects of the US

suggestions that by agreeing on price guidelines with their Japanese competitors they are

Industry analysts fear, how-ever, that the new accord will

leamwork in Construction, Property and Homes Worldwide.



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New battle looms for Bangkok bus tender

BY CHRIS SHERWELL IN SINGAPORE

A CONTROVERSIAL project to revamp Bangkok's ailing bus system may have to be put out to tender again following this week's decision by the Thai Cabinet to reject a \$45m (£30m) bus leasing plan from a

Singapore company.

A re-tender would mean a fresh battle for the British consortium led by Leyland Bus, which was the clear front-runner for the valuable con-tract from the time it first sur-faced in 1984 until late last

It would also mean yet more delays and still further losses by the Bangkok Mass Transit Authority (BMTA). Despite this, no decision seems likely or possible until after the general election set for July 27, The Thai Cabinet's decision

was made on Tuesday after written complaints from the local assemblers of buses made by Mercedes Benz of West Germany and Hino and Isuzu of Japan.
Having shown little or no

the assemblers stoutly objected to the leasing deal put before the Cabinet, saying they could supply buses on that basis more cheaply.
The \$45m deal involved down
Motor and Leasing of Singapore. plan.

buses to the BMTA. The com-pany says it had the agreement of the project's evaluation committee, the BMTA, and Mr Samak Sund aravej. the Communications

The plan was hammered out following last year's Cabinet rejection of the Leyland consortium's £385m proposal on the grounds that it would add heavily to the country's foreign debt burden.

At that time Leyland, together with its partners, the National Bus Company and MVA Consultants, submitted a £94m revised proposal to make a start on the project. This retained a substantial element of UK aid, but it received no official response.

By raising the possibility of leasing, the Motor and Leasing. deal with the BMTA injected a completely new element into the project and quickly pro-voked the other Thai assemblers into taking a fresh look at it

now seems likely because of the apparent change in terms, the Leyland consortium would bid again. But the project would almost certainly be a scaled-down version of the original

Philips, Du Pont in \$25m audio link with Italy BY JOHN WYLES IN ROME

PDO, the optical media joint control on the joint venture venture between Philips of the Netherlands and Du Pont of the fruits of the PDO partners US, yesterday joined forces with the Italian state telecommunica-tions company to announce a new \$25m (£16.6m) joint ven-ture to produce and develop compact audio and data discs at a plant near Rome.

Production will start in 1988 and should reach 15m CD-audio and CD-ROM (read only memory) discs by 1989. Accordmemory) discs by 1989. According to yesterday's announcement, initial output will be mainly audio discs and production of CD-ROMs will expand more gradually.

STET, the Italian telecommunications holding company, will own 51 per cent of the new yenture, PDO 39 per cent and Philips' Italian subsidiary, 10 per cent.

The project is one of the first fruits of the PDO partnership which became operational earlier this year. It is aiming at a major share of the worldwide optical disc market which is likely to be worth record than s likely to be worth more than \$4bn by 1990.

Much of this growth is expected from the replacement

of records and cassettes—which currently represent 96 per cent of the audio market—by com-pact discs.

According to Mr Alfred B. Bok, PDO's chief executive, compact discs should cut the records share of the market 10

STET, the Italian telecommunications holding company, will own 51 per cent of the new venture, PDO 39 per cent and Philips' Italian subsidiary, 10 per cent.

Some of STET's holding may be sold to another partner without the state company ceding the state ceding the state ceding the state ceding the state ceding the stat

Austin Rover launches Peugeot car in Japan BY CARLA RAPOPORT IN TOKYO

Austin Rover Japan launched

the Peugeot 205 in Tokyo yes-terday, with the message that it was looking for "fashion-con-scious men and women" to buy the French car.

the French car.

Austin Rover said it planned to sell 700 Peugeot 205s this year, and perhaps 1,000 next year through its widening network of dealers.

Only 139 imported French and the reach ware said in Fence least

cars were sold in Japan last month—according to industry statistics—and that figure was an all-time record.

Imported cars have only a few percentage points of the Japanese car market, But recently, largely because of clever marketing by the Germans, sales of imported cars have been showing good growth. Further Austin Rover says the market for imported batchbacks has been growing by about 18 per cent a year over the past three years. This market, with about 11,000 units a year, is almost totally dominated by the Volkswagen Golf.

Austin Rover has 32 dealers in Japan, but plans to expand the network to 80 dealers by 1988. The company has doubled its advertising budget to support the new Peugeot car.

Austin Rover has increased its own sales in Japan from 400 cars a year to 4,000 cars a year in the past three years, and expects to double sales within the next few years. Kenneth Gooding adds: Las December, Austin Rover signed an exclusive deal to import the Peugeot 205, one of Europe's best-selling cars, to Japan I also announced it had concluded arrangements to increase sub-stantially the number of Japanese dealers who will sell its

Nisshimpo, a leading Japanes Nisshimpo, a leading Japaness floance company, whose main shareholder is Azabi Motor, will select 100 main dealers from the 7,000 who use its financial packages to form a network to sell a special edition of the Mini.

Hold the dealers eventually

Half the dealers eventually will be offered the full Austin Rover Japan range,

A CONTRACTOR

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brings end to Assembly

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

formally acknowledged the present stalemate in its plans for devolution in Ulster and announced the dissolution of the Northern Ireland As-

The decision, announced by Mr Tom King, Secretary for Northern Ireland, was accompanied by a firm restatement of the Government's commitment to the Anglo-Irish agreement signed last November and to the principle of devolution

Both Mrs Margaret Thatcher, the Prime Minister, and Mr King told the House of Commons that the invitation to all constitutional parties in Northern Ireland to discuss with the Government the best way forward remained open.

Mr King urged the Unionist parties in particular to return to the House of Commons, which they have been boycotting in protest at the Anglo-Irish agreement, to argue

their case.

He wanted them to discuss devolution and the possibility of a round-table conference, the future of the assembly, arrangements for handling Northern Ireland business at Westminster, and new means of consultation between the Govern-

ment and Unionist leaders. The assembly was set up in 1982 to consider the best way of forming an administration in Ulster and to scrutinise the activities of the Nor-thern Ireland Department. But the plan was struck an early blow with and Labour Party MPs not to at- the province.

fair from the House of Commons

select committee on trade and In-

cil (ITC) which precipitated the cri-

sis last October, the Government

would be keeping under close re-

view its responsibilities to other in-

ternational trading organisations

ly condemned the Government's re-

Kenneth Warren, the chairman, said he expected a debate to be held

MPs were particularly concerned

that the House of Commons should

Government had failed to co-op-

erate properly with the committee

debate on the refusal of ministers

(equally important) general debate

on the tin crisis, as appears to be the hope of the Government," said

the committee in a statement.

The select committee immediate-

conse as unduly complacent and

and similar hodies.

in the next few weeks.

by failing to provide information.

We urge the House to ensure that

The Department of Trade and In-

THE GOVERNMENT yesterday tend the assembly. Last December the Unionist parties ceased to take part in the assembly's monitoring activities. They have since refuse to discuss with the Government the

position of the assembly. The assembly is due to reach the end of its normal life in October, at which point new elections would be automatically triggered within six weeks. The Government's decision does not abolish the legal basis for an assembly but leaves the Govern-ment free to set the date for new

elections to a fresh assembly. Mr King said the winding up of the assembly represented "a lost opportunity." It had not been a total failure and had proved it could perform a useful role, particularly in respect of its monitoring activities.

He said the future date of any elections was impossible to predict. He could not rule out elections as early as November but he said that

talks with all the main political parties were an essential precondition of any poll. Mr King said that it was important that people in Northern Ire-land should have a much more immediate say in the running of the province. There had been, he added, a considerable concentration of minds over the Anglo-Irish agree-

which people are considering what the right way forward will be." unrealistic to expect "constructive political thought" with the onset of the loyalists' marching season in

ket or in the (unsuccessful) at-

tempts made to reach a negotiated settlement to the affair between the

The Government accepted the

committee's remarks that it was

wrong that the tin council's buffer

stock manager, who controlled the

1982 there was no reason to sup-

pose that information would be re

fused. The Government was taking

Turning to the Cornish tin mines

the Government made a surprising

statement of faith in the industry's

future. It rejected the claims mad

they would never reopen. "Known

Cornish tin reserves are substantial

and can be worked commercially

when tin prices rise sufficiently to

tion could not recur elsewhere.

tin council and its creditors.

Government accused of

tin crisis complacency

repeated its demands for a parliamentary debate on the crisis. Mr much of his activity secret. But it said that when it joined the Sixth and the chairman.

consider their complaints that the steps to make sure that this situa

to give us information, which ef- by the committee that if the mines

ment and a period of argument in

Ulster stalemate Underlying jobless total rises for sixth month

BRITAIN'S underlying jobless total rose again last month for the sixth month in succession, and Government officials said the trend is continuing upwards. For those in work, however, earnings continued to out-pace inflation by far.

The number of benefit claimants, including school leavers, fell last month by 54,200 in the month to May 8, the Department of Employment said yesterday, but this total would normally be expected to fall even faster at this time of year. The seasonally adjusted total which is regarded as the best guide to labour market movements and

which excludes school leavers, rose

by 5,600 in the month to 3.21m, or 13.3 per cent of the working popula-That left the average monthly increase over the last six months at 15,800, but officials said they viewed 10,000 to 15,000 as a more realistic view of the upwards trend, eaving out March's unexpected leap in the jobless total of nearly

A further 355,000 people were employed in special schemes last month, and the Department of Employment estimates that 265,000 of them would have showed up in the unemployment total had it not been for these schemes.

In addition, changes to the compi-lation of the statistics introduced in March have reduced the recorded total by an average of 50,000. The Unemployment Unit, an indepenthe unemployment figures have re-

duced the published total by

The Unit's own figures show seasonally adjusted unemployment at 3.63m, or 14.8 per cent of the working population. The Government plans a further change to the statistics next month. It will introduce a new figure for the unemployment rate as a percentage of the total la-bour force, including the self-em-ployed and the armed forces, which is expected to show a rate about 1.5 percentage points lower than the present definition.

Average earnings in the year to

April rose by 8.7 per cent, the Department of Employment said yes-terday, with the underlying rate of increase remaining at 7% per cent after adjusting for the effects of

Average Earnings CHANGE OVER PREVIOUS YEAR

three times the rate of inflation. The Retail Price Index for May, to be published this morning, is expected to show a further fall in inflation from last month's rate of 3

The level of employment in manmacturing industry continued its steady decline, dropping a further 7,000 in April to 5.38m. It has fallen by 58,000 over the past year. Em-ployment in the energy and water supply industries fell by 1,000 to 570,000 in April. Comparisons with other industri-

alised countries in the Organisation for Economic Co-operation and De-velopment show that only Spain and Ireland have higher unemploy ment rates than the UK.

The UK's rate of 13.3 per cent compares with 10 per cent in teachers' and health workers' back- France, 8.6 per cent in West Gerdent pressure group, calculates that pay. many, 7 per cent in the US and 2.6 this and 14 other changes made to Earnings are now rising at nearly per cent in Japan.

'Radical' shift in work patterns

change much more radically over the next five years than the number of people working, ac-cording to the most extensive company-level inquiry on the fu-ture of employment ever con-ducted, John Lloyd writes.

THE GOVERNMENT yesterday is jected claims that it had been ob-"UK Occupation and Employ-ment Trends to 1990," a privatesued a strong defence of its han-structive, in a memorandum to the ment Trends to 1999," a privately-financed research operation undertaken by the Institute of Manpower Studies (IMS), shows that the loss of some 600,000 jobs in production industries will be roughly balanced by the creation of 540,000 jobs in services. dling of the tin crisis in response to committee, the DTI said that minisa highly critical report into the after and civil servants followed the same rules as had long been appli-ed to select committee investiga-The Government also denied that dustry also said that, after the default of the International Tin Couning proper warnings before the cri ing proper warnings before the crisis to those involved in the tin mar-At the same time, self employ-

ment will grow very strongly: about 300,000 more people will be working on their own account by the end of the decade. That movement will help to increase employment in small companies by 700,000: hig business will continue to cut its labour forces.

The percentage of part time workers - mainly women - will grow from 21 per cent to 25 per cent of the total working popula-

moves is a continuing desire by big companies to subcontract ufacturing and services functions to other, usually small,

Women's employment will benefit particularly; their share in the total is expected to grow from 45 to 50 per cent by the end of the decade. Many of these, however, will be low paid and part time - although in some sectors, especially business services and retail, part-timers are now being trained and rewarded more highly.

Clear messages from employ-ers, says Amin Rajen, the IMS project director for the study, are that managers are important and must gain a broadened administrative, planning, commercial and human relations skill-base; and that there will be "a need for a general enhancement in the skills and flexibilities of the

New technologies, especially in production industries, are dis-

Murdoch's "final" offer of compen-sation in ballots last week because

they wanted job opportunities and trade union richts inside the compa-

Mr Norman Willis, general secre-

tary of the Trades Union Congress

(TUC), said the TUC would be "pre-

sistent and unflagging" in its efforts to find an acceptable outcome to the

dispute in the interests of the sacked printworkers.

Journalists planning to quit The

mediately rather than to serve their

editorial staff and management at

placing unskilled jobs and creating the need for new ones at an

increasingly rapid rate.
Employers expect the removal of Wages Council (low pay) protection for young workers to in-crease the demand for workers in the 16-24 age group. They also expect a growth in young work-ers because of special policy measures like the Youth Training Scheme, and because new technologies require a more adaptable and trainable work-

Sir Austin Bide, president of Glaxo and initiator and chair-man of the research project, said yesterday that the report represented the first time facts had been assembled on this scale. "If these insights prove helpful

to policy-makers and lead to im-proved prospects for employ-ment, the fact that this would invalidate the present forecast would be good news."

ment Trends to 1990: by Institute of Manpower Studies for the Oc-cupations Study Group; to be published by Butterworths: £20

Labour Party expels Hatton

THE LABOUR Party yesterday scored its most crucial and sought-after victory in the campaign to cleanse itself of the Marxist Militant Tendancy supporters by expell-ing Mr Derek Hatton the deputy leader of Liverpool City Council.

The expulsion, voted through in the absence of Mr Hatton, came only after a last-minute High Court at-tempt by Mr Hatton's lawyers to

The Liverpool councillor's bid to halt the proceedings was briefly successful when the High Court

las Browne-Wilkinson, vice-chancel-lor of the High Court, said it was inappropriate to continue the injunc-

BL's loss-making bus offshoot to be sold by tender

BY JOHN GRIFFITHS

of three rival bidders.

The three, the Laird Group, Aveling Barford and a management buy-out consortium, have been told to submit their tenders to Hill Samuel, the BL board's merchant bank advisers, by June 26.

The board will make a recommendation to the Government as soon afterwards as possible, BL said vesterday.

The company deprecated any notion that there would now take place a simple auction of Levland Bus to the highest bidder, irrespective of wider considerations of the company's and the UK bus indus-try's future.

BL said the three contenders were being asked to refine the pro-posals they had made at the beginning of this year, when the stateowned group had hoped to sell off all its commercial vehicle busi-

The use of the tender procedure means that there is no prospect of the BL board ultimately rejecting all the bids and retaining Leyland Bus within BL, as happened with Land Rover. Whichever group takes control, it

is expected that the acquisition will trigger a new round of rationalisation in the UK bus industry. It has already more than halved in size since the late 1970s but it is still suffering from sharply depressed demand and severe over-capacity. Leyland Bus itself, which em-ploys just under 3,000 is understood to have accounted for about £30m of the overall £52m losses made by BL's commercial vehicles opera-

BL's loss making Leyland Bus sub- to enable the tender process to go sidiary is to be sold by tender to one ahead. Each needs to be made a registered limited company, as both are at present simply operating di-visions of Land Rover-Leyland.

The purchaser of Leyland Bus will have an equity stake in Leyland Parts to ensure access to aftermarket business. Leyland Parts will remain with BL, as it handles both bus and truck parts.

Only the Laird Group, whose Metro-Cammell-Weymann subsidiary is Leyland's main UK bus making rival, has been fairly specific about its intentions.

Mr John Gardiner, Leird's chief executive, said yesterday that deregulation of the UK bus market and the collapse of export markets meant that "all the UK bus companies are currently going down the

MCW itself, he said, had very few orders and he believed Leyland to be in a similar position. But Laird was pressing ahead with its bid in the belief that, while the UK's traditional bus market was dying, "in a year or two" worthwhile demand would emerge for medium-sized buses on which a new UK industry could be based.

"We either rationalise and prepare for it, or hand it over to European imports," he said.

The management consortium is led by managing director Mr Ian McKinnon. The emergence of merchant bank Kleinwort Benson as its advisers and BL's inclusion of the consortium in yesterday's tender announcement indicates that it has persuaded potential backers that Levland Bus can be viable on the tions last year.

The status of both Leyland Bus and Leyland Parts is to be changed ing.

basis that last year's losses represented a balance sheet deck-clearing.

BL seeks change of name to Rover

SHAREHOLDERS at BL's annual neeting next month will be asked the state-owned vehicles company to the Rover Group.

This is being seen as further evi-

dence that BL's new chairman and chief executive, Mr Graham Day, intends to adopt a high profile.

The group said yesterday that the adoption of the name BL had not been effective because its former name, British Leyland, continued to

be widely used. There is a need for the con to have a name which better iden-

tifies it and is supportive of market-ing efforts, it added.

BL stressed that the proposed change did not mean the other names used by the group - such as Austin and MG in the cars group and Sherpa, Land Rover and Range Rover in the commercial vehicles division - would be dropped. Leyland would continue to be used in connection with the group's com-mercial vehicle interests.

The possibility emerged yesterday of an embarrassing row at the annual meeting about the future of Mr Ray Horrocks, the BL executive director formerly responsible for the car division.

Mr Horrocks, who is 55, has of-

fered himself for re- election at the meeting on July 7 and obviously in-tends to make his case forcibly unless he and BL can agree terms for him to leave the group before

He has already shown he is ready to make his views known about the way he has been treated by the

He told a recent meeting of the House of Commons trade and in-26 per cent, and acquire the rest two dustry select committee that he had been "disciplined" by Mr Paul Secretary, for leading the opposi-tion within BL earlier this year to a merger of the Austin Rover subsidiary with Ford - an idea which at the time had considerable attractions for the Government.

Mr Horrocks suggested he was punished by being passed over for the chairmanship of BL in favour of Mr Day, Mrs Margaret Thatcher's

personal choice for the job. There remains no doubt that Mr Horrocks is to leave BL - Mr Day took over the car operations, previously Mr Horrocks's responsibility, on his arrival on May 1 but the negotiations about his severance terms are apparently proving to be

tough. Mon and Matters, Page 18

Senior MP appointed to vetting committee

BY HAZEL DUFFY

MR MERLYN REES, MP, a former nior civil servants. Labour Home Secretary, has been appointed by the Prime Minister to bers were given: Admiral Sir Anthe committee which vets senior thony Morton, former Vice Chief of civil servants who wish to move in- Defence Staff and Vice Chief of Na-

membership of the committee in a The first two appointments reparliamentary written answer yesterday. It is the first time that the membership has been made known since 1984, when the House of Commons Treasury and Civil Service senent into the private sector of se- procedure.

The names of three new memto the private sector.

Mrs Margaret Thatcher gave the ch_irman of GKN; and Mr Rees. val Staff: Sir Trevor Holdsworth.

placed members who died, while the addition of Mr Rees will be seen as going some way towards meeting the recommendation of the MPs on the select committee that two select committee investigated the nior backbenchers should be approcedures governing the move-pointed to strengthen the vetting the Office of Fair Trading about

dered by the end of this year. With the likelihood of a tunnel, however, no new ships are being

to arise because of Hoverspeed's small size in relation to the market. Despite hopes of profits after the tober 31 1983. It was then bought for a nominal sum by its manage-

profit of nearly \$200,000 against a About 85 per cent of the steel will | 6620,000 loss the previous year. Mr be made at the Ravenscraig works | Tim Redburn, the 32-year-old fiin Scotland and the rest at Scun- nance director who now becomes general manager, said: "We are looking at a profit of between

pleted a jacket for BP's South East its reservations system after the Forties Field which is due to be merger and in 1985 bore the costs of moving its administration from The yard is also working on a Ramsgate to Dover and of difficultsupport module for Marathon Oil's ies with a new computer system. Brae Field but has recently started | Mr Redburn said the Angloto run down its 1.500 workforce. French decision to build a Channel The other yard which bid strongly tunnel was one reason for the pur-for the Eider contract was McDer- chase by Sealink, which operates to

Shell also announced an order the major employers in the area. against the tunnel," he said.

MPs back clampdown on insider deals

For its part, the Government re- make the operations viable."

BY KEVIN BROWN

day approved Government propos-als to give the Trade and Industry down on insider dealing.

An amendment to the Financial Services Bill, which sets up a new regulatory framework for the financial services industry, will give the department stronger powers against businesses suspected of withholding information. The amendment, moved during

the resumed report state in the de-bate, is simed at constant. diaries, which may be outside UK jurisdiction and less susceptible to other legal provisions contained in Mr Michael Howard, the under

secretary for trade, said inspectors would be able to apply to a court for a direction enabling the Trade Secretary to withdraw authority to trade from a company suspected of withholding information, or to prohibit other businesses from trading in investments on its behalf.

Mr Howard said the amendment would mean that the access of an overseas intermediary to the UK market would be completely cut off if information was withheld without a reasonable excuse. The Government would take into account the limit of the knowledge which it was reasonable to expect a business to

the premise that if an overseas bank could find out the identity of the principal behind the suspected criminal transaction on the UK market and chose not to do so, it was reasonable for the bank to

THE HOUSE of Commons yester- have restrictions imposed on its UK

was more rife than was generally recognised, and was difficult to de

mediums are being used to cover up for insider dealing," he said. The amendment was approved.

esmen were more competent than

He said the provisions in the Bill allowing dishonest salesmen to be blacklisted would provide a real safeguard for investors.

A Labour attempt to bring the Stock Exchange Takeover Panel within the scope of the Bill, giving statutory force to the provisions of the Takeover Code, was defeated by 215 votes to 113, a Government ma-

Print union avoids split over Wapping

ny's plants.

BY HELEN HAGUE, LABOUR STAFF sacked members had rejected Mr

fects the whole select committee now closed, because the fall in system, is not eclipsed by the prices had made them unprofitable. A CLASH between the leadership of the print union Sogat 82 and its London branches over the tactics to pursue the union's dispute with News International was averted yesterday.
The London branches had criti-

cised the leadership's handling of the dispute with Mr Rup ert Murdoch's company but, at the union's con erence in Scarborough, Yorkshire, their delegates adopted a con-ciliatory and unifying tone.

A motion by London central

branch, calling for an honourable settlement "based upon firstly the reinstatement of our sacked mempers and full recognition of the traditional print union" at the New International plants was carried About 5,500 print workers, includ-

ing 4,300 Sogat members, were sacked five months ago by News international after going on strike over the company's move to a new plant in Wapping, east London, and

Ms Brenda Dean, Sogat's general secretary, told the conference she accepted without equivocation that

executive

case against him.

Times and The Sunday Times - the two "quality" News International titles - have been asked to leave imperiods of notice, David Brindle The move, disclosed yesterday, reflects the fresh tensions between About 16 Times journalists are believed to have been working their

periods of notice, usually four months, prior to joining the independent, the proposed new daily

By Michael Cassell

prevent labour's national executive committee (NEC) from hearing the

granted a temporary injuction halt-ing the London hearings. In re-sponse, the NEC suspended the Hatton session and went on to consider the membership of Mr Richard Vernon, the spokesman for Mersey Militant, the Liverpool But at a later hearing Sir Nicho-

SCOTTISH YARD AWARDED FABRICATION ORDER FOR EIDER FIELD

Shell/Esso place £46m offshore contract merger five years ago Hoverspeed stayed in the red, producing a loss of £3.2m in the financial year to October 11 10 to 11 10

companies, said that the total cost Eider is a marginal oilfield with

SHELL AND ESSO which operate of the Eider development had been estimated reserves of 85m barrels. North-East of Scotland.

The order for the jacket or legs for Shell's Eider Field, 117 miles

£910m to £730m.

About £30m has been saved by not pre-drilling the wells and slow-North-East of Shetland, is the last ing down the planned flow of oil big fabrication order which the off- from the field. Peak production of shore industry is likely to place for around 45,000 barrels of oil a day many months because of the slump will be reached in 1990 instead of

Many oil companies have shelved The new oil platform will be untheir new offshore development manned with the controls and some plans and other operations, such as of the processing of oil handled by drilling, have been heavily cut back. the North Cormorant platform The announcement from Shell eight miles to the south, and Tern UK Exploration and Production, the Field platform 10 miles to the offshore operator for the two oil south-west.

jointly in North Sea oil develop- reduced to £480m from the original. It was not considered commercially ments, yesterday announced a estimate of £640m. Shell has also viable in the late 1970s, but Shell £46m construction order with High-reduced the costs of the neighbour-reactivated the project after the latest the project after the latest the lands Fabricators yard in the ing Tern Field programme from easing of oil taxes in the 1983 bud-

Projects costing around £400m are again not considered economic in the light of the poor oil price, but Shell has taken a long-term view of its offshore developments. Mr Brian Lavers, technical direc-

tor of Shell UK Exploration and Production, said in a statement: "We have great faith in the North Sea but in view of the very considerable uncertainty which stretches to at least the end of the decade, keeping production costs down is the first priority for all concerned." In a recent speech he also said

that Shell exploration and Production had to work on the assumption that the oil price would recover to the levels of the past decade. The order for Highland Fabrica-

people with indirect work for a fur-ther 400. The 19,250 tonne, 590 ft tall jacket will be among the larger models as it will stand in the deeper waters of northern oil fields. Some £90m in fabrication orders from Shell for the Eider project have all gone to British yards. The Whessoe offshore yard at Middlesbrough is building the £32m deck

path Engineering in the same town is building the living quarters and helicopter deck worth £11m.

and two drilling modules, and Red-

worth 68.5m with the British Steel Corporation for steel for the jacket. tors will provide jobs for about 950 thorpe, Lincolnshire. Highland Fabricators, which is

jointly owned by Wimpey and £500,000 and £1m. Brown and Root, have nearly com- Hoverspeed had problems with handed over later this month.

motts at Ardepsier on the Moray Dover and Boulogne. "It would be Firth outside Inverness and one of difficult for hovercraft to compete

Nissan in talks to buy British importer

By Kenneth Gooding.

Motor Industry Correspondent TOUGH negotiations have been go ing on in London this week over the sale of Nissan UK, the privately owned Japanese car import compa-

Nissan, Japan's second-largest

vehicles group, has linked with Mitsui, one of the country's major trading houses, to buy the UK company. but protracted talks about terms have so far proved inconclusive. One of the stumbling blocks has been Nissan's reluctance so far to announce publicly that it is to go ahead with the second phase of its

Nissan UK and the management at the factory at Washington, north-east England, have been trying to smooth the way for the Japanese group to move to the second phase. which would involve the production of 100,000 cars a year with a high European content. Mr Iran Gibson, purchasing d rector of Nissan Motor Manufactur-ing, the Washington company, re-

UK car prouction project.

vealed yesterday, that the local con tent of the British-built cars would rise to about 40 per cent (by ex-factory value) very early in stage one of the project.
Phase one involves the assembly

from imported Japanese kits of 24,000 cars a year. Mr Gibson added that the high

level of local content of the phase one cars, due to come into full production in July, should calm first that Nissan might not be able to live up to its agreement with the least 60 per cent European content in the vehicles produced in the second phase.

The import company, Nissan UK "on the understanding that Nissan will rapidly move to phase two" has started a major restructuring of the dealer network by a development programme on which it is willing to spend £100m. Nissan of Japan and Mitsui have let it be known that they are willing to offer about £150m for the UK

company, or slightly more than the net asset value - shown in the latest accounts as £139.8m. Mr Octav Botnar, who built up Nissan UK since 1970 to the point where it is the largest independent car importer in Britain with a 6 per cent market share, seems to be ar

guing that his company is worth a great deal more. If a deal can be worked out, it is understood that the Nissan-Mitsui partnership would first take a minority stake in Nissan UK, perhaps

Hoverspeed taken over by Sealink

By Andrew Fisher Shipping Correspondent

years later.

SEALINK British Ferries yesterin the cross-Channel market with its £5m purchase of Hoverspeed. nearly collapsed two years ago after

The deal comes as the market is threatened by the prospert of a Channel tunnel and reflects a marked improvement in the fortunes of Hoverspeed. Hoverspeed was formed in 1981 by a merger of Swedish-owned Hoverlloyd Seaspeed, a former British Rail subsidiary, and operates five craft. Sealink is also contemplating two big new \$35m car, truck and passenger ferries for its Irish Sea and Harwich-Hook of Holland services. Mr Nigel Tatham, managing director of Sealink, said they could be or-

considered for Dover-Calais, al though second-hand ones could be added. The rival operator, Townsend-Thoresen, part of European Ferries, has ordered two new cross-Channel ferries for a total of £70m. Sealink said it had not spoken to possible monopoly considerations on the deal, which it did not expect

In 1984-85, however, it made a

But the amendment was based on

Mr Anthony Nelson (Conserva

spokesman, said insider dealing was growing in scope, particularly bids. He said he welcomed the amendment as evidence of the Government's seriousness of purpose, but he said there was no certainty that it would close every loophole. tive) said the amendment would deal in a "tough fashion" with the mischief of insider dealing which

tect and prosecute. There is great cause for concer

Mr Howard resisted an amend-ment tabled by Sir William Clarke the register could mislead the public into believing that registered sal-

about the way in which offshore

(Conservative) seeking to set up a statutory register of people employed in buying, selling or advertising insurance investments and unit trusts. The amendment was withdrawn after Mr Howard said that

Mr Bryan Gould. Labour's trade

Megacentre for Sandwell

BRITAIN is to get its own ing aspect of that is that the pletion. retailing and leisure megacentre support population is only on the scale, of the West 600,000."

This week Sandwell Metropolitan Borough Council gave outline planning permission to Color Properties, of Lower Quinton near Stratford upon Avon, for a £500m, 5m sqft national and regional centre comprising integrated leisure, entertainment, recreation and shopping facilities, with car parking, at Wednesbury, north of West Bromwich.

This may give pause to one or two people in the retail end of the property industry, who found it difficult to accept the case for UK leisure facilities on this scale—who may have expected plans to be trimmed, to fit their perception of what is right for the UK market.

It happens that Gordon Milne, managing director of Scottish Metropolitan Property,

Edmonton Mall in Canada, if a combination of a German-owned property company and a West Midlands local authority gets its way.

He was also, clearly, of the party which has said until now that West Edmonton Mall, developed by the Ghermezian family which came out of Iran family which came out of Iran to set up its Triple Five organ-isation in North America, was unlikely to be matched in this

> He was in eminent company. Delegates to the International Council of Shopping Centres conference in The Hague this April marvelled at a presenta-tion by Ron McCarthy, vice president of Forrec Construc-tion of Toronto which designed and developed all the West Edmonton leisure facilities — "white knuckle" rollercoaster rides, a waterpark, submarine

Privately, they speculated on where the money might have come from and agreed it could never happen here.
Color Properties is the UK

Sandwell council and Color will be partners in the development which will be financed, he thinks. largely by American banking money during the course of development, and not funded on an investment basis until completion.

Color came to the UK about five years ago, he said, and has moved into development-mainly on an industrial basis so far—over the past two years. It could dip into the family purse for deals in the £20m to £25m area, said Mr Kolodotschko, but this deal clearly will take a lot of outside finance. UK institu-tions, he claimed, have been

knocking on his door. He had been working with Sandwell on this scheme for about 18 months he said—which helps, perhaps, to explain why Mr McCarthy of Forrer was in The Hague this spring, confident about selling his expertise to UK developers.

It happens that Gordon Milne, managing director of Scottish Metropolitan Property, was speaking on the subject this week at the Property Agents International (PAI) annual conference at the Crest Hotel, Erskine Bridge, Glasgow.

"In Canada," he said, "the West Edmonton Mall of 5m sq ft contains 3½m sq ft of shopping and 1½m sq ft in two theme centres and a water park, ail under cover. The frighten-

Venture capital for enterprise zones

VENTURE capital specialist Nickolas Medhurst, backed by international managers GT Management, has designed a vehicle for pension funds and other longterm property investors to take equity positions in speculative, enterprise zone

GT, long established in its field, is going for a stock exchange listing in seven or eight weeks time, when speculation has it that the company will be capitalised at a minimum of £80m.

Nick Medhurst's venture is more modest, so far, Arrange-ments are in hand for a plac-ing by James Capel of shares

ing by James Capel of shares and convertible loan stock in Blackwell GT Property Enterprises to raise roughly £11m. However, that equity could be multiplied by 10, or even 20, in the value of the developments it helps to generate.

"We have identified a gap in the market for funding speculative real estate," says Mr Medhurst. "The gap is risk equity. It is relatively easy to raise non-recourse debt finance for well located speculative development up to a significant proportion of the total cost—you could be talking about \$0 to 95 percent in enterprise zones. But the other five or 16 per cent the other five or 10 per cent has to be hard cash."

He says there are not many people, and that includes

hard cash at the moment; and that, in addition, the financial

complexities of enterprise zones are such that investors find them very hard to under-

He lists two other, apparent disincentives where his vehicle is concerned. "There

is likely to be no benefit to the equity enterprise zone

investor in this case, because the tax breaks go to the

lender, or long term investor,"

he notes; "and the equity investor, obviously, would be the first to be wiped out if

things went wrong with the

Mr Medhurst, however, has

long proclaimed his philosophy that high risk investment brings with it inordinately high returns, and that the job of venture capital

management is to reduce and contain the risk while the high returns keep coming

through.

He has seen, he says, instances where 5 per cent of the total investment in the

form of equity has been paid back with 50, or even 75 per cent of the development

cent of the development profit. Blackwell is going into an Isle of Dogs project, he says, where the prespective returns on equity are significantly better than venture capital returns. There he would expect 30 per cent compound.

Companies spring to life

and funds, sleeping giants of have is paying around F150m to assume full control, through the real estate world, are springing to life. Rodamco pulled off its dawn raid on Haslemere Estates with surgical precision and now has control of some prime property in the City of London — just as rents are rising. The UK subsidiary of Bredero is offering half of its emisrged share capital to the public as part of a new London Stock Exchange listing (q.v.). Now Wereldhave, the Netherlands' largest property company, is taking over the rest of Binnenlandse Beleggings-fonds Vast Goed (BBVG), a

THE NETHERLANDS

small, Dutch property operation. Dutch real estate companies, like their counterparts across the channel, are rousing them-selves in an effort to expand their portfolios as the market, finally, begins to rebound after years of stagnation.

A gradual upturn in rents, fresh demand for commercial property and lower interest rates are sparking the activity. But the Dutch also are hedging their bets by buying other property funds — where the risk is believed to be lower — increase of premercy itself. instead of property itself.

Wereldhave the F11.2bn (£316m) group, is virtually certain to succeed with its friendly takeover of the F1103m BBVG through a public bid

DUTCH property companies which ends on June 23. Werelda direct exchange of four of its shares for five BBVG participation rights.

> With a portfolio which spans Europe and the US, Wereldhave has been looking to expand its portfolio for a couple of years and finally decided to buy at home. At first glance, BBVG looks less than attractive. The value of its :- ildings has shrunk to Fl 103m from Fl 110.5m in 1983 while net income has fallen to Fl 7.4m from Fl 8.6m.

> But there is more to this than meets the eye. BBVG, which came under the partial control of Wereldhave in 1983, has attractive storefront holdings in Rotterdam and Utrecht, where the partial of the par where yields are between 61 per cent and 7 per cent, according to Healey & Baker, the real estate agents. BBVG's portfolio is split about one-third each between shops offices residential property. "We see good prosproperty. "We see good pros-pects in the property and a strengthening of our portfolio," says Mr Pieter Neervoort com-pany secretary of Wereldbave.

Wereldhave, itself 38 per cent owned by the PGGM pension fund, concedes that much of BBVG's holdings need extensive renovation. But it believes that improvements will prove fruitful. Healey and Baker are predicting that store rents in good locations will rise 10 per

ping streets attract more recreational buyers.

Mr Neervoort agrees than Mr Neervoort agrees that shop rents, probably will increase more than office or residential rents and he notes that BBVG's holdings are generally in promising areas. Dutch office space, currently renting for between F1 250 and F1 275 per this matter ranks among the cubic metre, ranks among the cheapest commercial real estate

in major European cities.

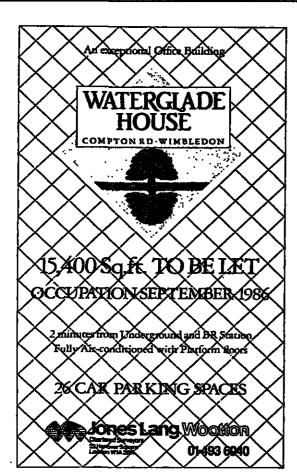
Wereldhave recently safe, guarded itself from the clutches of PGGM, the pension fund for of Polan. me pension runa for health and social workers and one of the largest pension funds in the Netherlands. In a bid to widen its real estate holdings in 1983, PGGM tried to make a complete takeover of Wereld complete takeover of Wereld.
have: but the bid was vigorously
contested. PGGM recently
agreed formally to keep its
shareholding to a minority and
to give up trying to complete
the acquisition.

BBVG will add only a frac-tion to Wereldhave's portfolio, especially after big improve-ments, but the acquisition enlarges the opportunity to benefit from the gradual recovery in the property market.

Among the dour Dutch, real estate people are among the dourest but even they admit under pressure that things are

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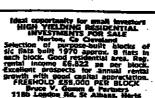
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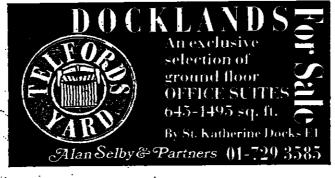


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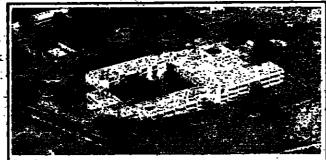
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Of the 2,181,037 shares offered to shareholders, 1,992,362, or 91,35% were taken up during the initial application period which closed on 5th June 1986.

The 50,000 shares reserved for members of the staff of the Company and the management of the subsidiaries were completely

The 1,886,750 preference rights on the old shares which were not

utilized will be offered for sale on the Brussels and Antwerp Stock Exchanges on 16th June 1986 and on the Luxembourg Stock

Exchange on 17th June 1985.

These rights will be represented by scrips which enable purchasers to subscribe for the 188,675 shares not previously taken up, at a price of BEF 2,600 per share, payable in full on application, on the basis of ONE new share for each TEN rights. The scrips must be presented together with the relative application forms by 26th June at the latest at the counters of any office of the following: in France
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Applications may also be made to any of the above-mentioned anks through any other financial institution or intermediary.

The scrips will cease to be valid after 26th June 1986.

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FINANCIAL YEAR 1985

CMB continued to make headway further to the recovery it had engaged into in 1984. The Company benefited from an improvement of the operation results of its maritime activities and from increased financial income especially dividends from subsidiaries. Important capital gains were made on the sale of shares and ships.

The Société Générale de Belgique group reinforced its share in CMB, the latter absorbing s.a. METHANIA and rearranging some of its investments.

The profit to be allocated for the financial year 1985, including the result carried forward from the previous accounting period (BF59 million), amounts to BF452,538,000 against BF418,080,000 for the preceding year after depreciation, write-offs, provisions for risks and charges and the transfer to reserves exempted from taxes amounting to BF2,503,909,000 against BF2,387,088,000 against BF2,387,088,000.

The net dividend for the financial year was fixed at BF405 per old share and BF432 per tax-privileged share as against BF375 and BF400 for the preceding period.

ICI FINANCE (NETHERLANDS) MY

Club8

A life support machine is a wonder

Police directed by Maurice Pialat A Woman or Two directed by Da-niel Vigne Static directed by Mark Romanek
Compromising Positions directed by Frank Perry

Black Noon Rising directed by Har-

Critics saddened by the ailing condition of modern French control of indent rener cinema sometimes think there is only one thing keeping the patient alive at all. That is a life-support machine invented in the early 1970s and called Gerard Depardieu.

Depardieu is a wonder. If this flaxen-haired, elemental actor had been born speaking English rather than French, he would now be dubbed a modern Brando. He moves like a panther, he smoulders like a storm, and when he erupts it can be for high tragedy or high comedy at will. He has the film actor's rarest and most precious gift, that of being able to "think aloud:" you perceive his thoughts as they fileker across his face. Depardieu has beaught to good films a shelling brought to good films a thrilling animal vivacity (Danton, Loulou, Mon Oncie d'Amerique) and he has brought to bad films a series of solo rescue attempts that gladden the heart even when they fail to perform

This week from France we have one half-good film and one wholly bad one and Depardieu is in both. Maurice Pia-tense poli lat's Police begins with a "adult" e superb throaty roar, like a Jean Gabin movie on anarchic overdrive, Revving his actors' engines by means of high-volt engines by means of high-volt colossus through Pialat's movie improvisation, the director of Loulou and To Our Loves presents a Paris police station where all the world's bullying where all the world's bullying inequities are concentrated in miniature. There are the interrogation victims, a young Arab
trafficker (Jonathan tologist (Depardieu) mistaRes
trafficker (Jonathan tologist (Depardieu) mistaRes
merican perfume drug trafficker (Jonathan Leina) and his sultry-beautiful French girlfriend (Sophie Mar-ceau). There are the support-

gale-force obscenities.

Even when it steps outside for a breath of fresh iniquity, the movie's opening half keeps up the cynical momentum. The lawyer for the Arab and his drug-dealing Tunisian brothers is a lean, pert, wheeler-dealer who follows his nose for fat profits—"I'm not one of those lawyers who only defend clients they know are innocent," he cheerfully tells Mangin, "I know mine are all guilty."

And Depardieu roams the streets irresistibly, a droll and disillusioned wrecker for whom all is fair in crime and punishment, and for whom death-fights between Arabs are a welcome population control device in a crime-crowded city: "I don't mind if they kill each other off.

Unfortunately at half-time the film starts to wilt in its own self-generated heat. Passion yields to sentimentality, cynicism to moralising; and worst of all a glib psychologising trend creeps in. Depardieu, falling in love with Marceau, explains that his brutal treatment of women (women? He seems heroically indiscriminate in his brutality), stems from lack of mother-love as a child; while Marceau attributes her pathological lying to lifelong parental neglect.

No doubt, if the film had had time, it would have explained that the Arab criminals had had their train sets confiscated as their train sets confiscated as children. This spurious psychological special pleading has nothing to do with a thriller that begins, and should have continued, as a driving presenttense police yarn and an tense police yarn and an "adult" entertainment in the

Depardleu swaggers like a large in the land of the little people. A puny comic idea beautiful American perfume promoter (Sigourney Weaver) for the rich benefactress he is expecting off the plane from New York—binds Depardieu down in its teensy but tensile toils. He resembles Gulliver in

pect sweetness, now flying at shake off the twee exigencies them with fists or raging with of the comedy-of-errors plot.

Vigne's film is not only feebly conceived and executed, it smacks of deja vu. The 1930s screwball comedy Bringing Up Baby also pitted an absent-minded palaeontologist (Cary Grant) against a whirlwind submillionairess (Katharine Hep-burn) and steered them, like this movie towards romance. But director Howard Hawks, palaeontologist supreme, knew what to do with the audience's funny-bone: hit it hard and often. Vigne, whose last film was the promising if solemn medievel mystery The Return Of Martin Guerre, cannot even find the audience's funny-bone.

The plot wanders all over the wall-chart of comic possi-bilities without success: from slapstick to sex comedy to screwball dialogue. And in a cast for all seasons including Michel Aumont, the bravely French-speaking Miss Weaver and the omnilingual Ruth Westheimer (American TV's famous agony aunt and sex guru), only Depardieu, a Cro-Magnon man with 20th century man's wit and fire, suggests there might be life if not laughter inside these characters.

From prehistory to Armaged-don is but a small step in a week's filmgoing, "You ask, how will the annihilation of the entire world affect me, the ordinary guy in the street." cries a sidewalk preacher in Static. Thunderous interrogatives tapering into beautific bathos set the tone for this likeparios set the tone for this fixe-able, low-cost impromptu co-written by and starring Keith Gordon. (He played the young egghead sleuth in Dressed to Kill and the car-crazy hero's best friend in Christine.)

Gordon and co-writer and director Mark Romanek unfold the tale of a small-town inven-tor (Cordon) who builds a TV set which can tune into Heaven. At least he says it can. While he puris over it in wonder, everyone else sees only snow-storms of static. So our young hero hi-jacks a bus full of geriatrics on an outing and demands attention from the press and media.

Will he get it? Will his girl-friend (Amanda Plummer) coax



"Many different notions about the after-life"

Static has a rare commodity in the surgery, after hours). commercial cinema today: some ideas. Among the propositions ideas. Among the propositions being lobbed towards you for discussion are: that there are as many different notions about the after-life as there are people living in this life; that "sanity" is often synonymous with the tendency not to ask or raise awkward questions; and that a gaughely massurming movie like gauchely unassuming movie like this one, with a modest cast and all the production values of a cereal packet, can be more provocative than a month of empty-headed action yarns or superglossy comedies.

Talking of which, we have Compromising Positions and Black Moon Rising. The first is a sleekly undernourished comedy thriller revolving around Long Island housewife-supersleuth Susan Sarandon and her attempts the supersleuth susan sarandon and her attempts to be supersleuth.

Like many things that revolve, this one has a hole in the middle. Where there should be a credible central character and/or a fully developed plot premise, there are neither. Despremise, there are neither. Des-pite the odd tangy line or try-hard performance (Raul Julia's glowering Hispanic police in-spector, Sarandon's bright-eyed amateur), neither the story nor its people suggest any plausible existence outside the movie and the result is an audience rapidly developing plot indifference. Whodunit? Whocares.

Black Moon Rising is worse. Across a cityscape of tomorrow Tommy Lee Jones battles multimillionaire car thief Robert Vaughn. A futuristic racing car ing cops, criminals and casualties crowding the background.

New York—binds Depardieu
And there is Inspector Mangin,
played by Depardieu as a mixture of tease and tempest, now
cajoling his suspects with sus
Though sometimes painfully
are turn to surrender and a recomedy thriller revolving — a him into surrender and a recomedy th

A Chorus of Disapproval/Lyric

Michael Coveney

musicals. Suddenly, and all in a row, the Avenue plays host to Orphans, Lend Me A Tenor, A Chorus of Disapproval and Interpreters: a more than respect-

Nothing at all is lost in the move from the Olivier- acreage and the author's production has been superbly re-cast in the major roles. Colin Blakely is now Dafydd Ap Llewellyn, the manic Welsh director of the Pendon Amateur Light Operatic Society (PALOS) whose produc-Society (PALOS) whose produc-tion of The Beggar's Opera is saved by the bereaved York-shire office worker. Guy Jones. the delightfully disaffected Jones, whom Jim Norton plays as a blanker and actually fun-nier new arrival than did Bob

The transfer of Alan Ayck. Gay chorus followed thumpingly Gay, the happy ending conven bourn's 1985 National Theatre by the cold-shouldering of Guy tion prevails. hit to the West End is a welbackstage. The pace is slow but careful. The atmosphere thaw's music is more enjoyable and the state of the s come and probably brave careful. The atmosphere thaw's attempt to stiffen Shaftesbury as that code slides into Guy's attempt to stiffen Shaftesbury as that coda slides into Guy's very well sung (this is the only Avenue's fight back against the audition for Dafydd, Blakely time I have really enjoyed The storming up the aisle to sing Beggars Opera). And the cale "All Through the Night" (in Welsh) and offer Guy the part

> band-swapping-man-eater Fay cuts. (Pippa Guard, again a worthy Col successor to Gemma Craven and sexy in her own right). punk sybarite of James Gaddas)
> Guy is also involved in small
> town corruption over a plot of
> land. By the time he reaches

bration of the world of amatein operatics gives a wonderful new dimension to Ayckbourn's habiof Crook-Fingered Jack. The Gay parallels shake through the fiendishly clever but linear plot: Guy comforts Dafydd's wife (Polly Hemingway is a more staunch successor to Imelda Staunton) and is simulated by the hustaneously landed by the hus- cannot usefully propose any

Colin Blakely as the thespian solicitor ambles, groaning and short-tempered, around the As he progresses through the auditorium like a frustrated baboon, charging full pelt at his hopeless colleagues ("At least you can sack professionals") and trapping his lead actor in a simian embrace. Banging his head on a piano, or finling around the stage like Quasimodo on a weekend break, this is a brilliant and joyously energetic comic performance by energetic comic performance by Like a Ken Dodd special, the gallows there are moral as is a brilliant and joyously enerthe show begins with the finale, well as revenge motives to getic comic performance by one the over-eager swirling John justify his execution. And, as in of our greatest actors.

Music of New Spain/Almeida Festival

Paul Driver

One of the numerous themes of this year's Almeida Festival is Spanish new music. Three examples of it were programmed in a concert by the ensemble Capricorn (ably conducted by Grant Llewellyn) at the Almeida Theatre on Wednesday night. Alongside these pieces were three by young British composers, of which one at least had a Spanish affiliation.

Simon Holt's Ern Madragada One of the numerous themes

Simon Holt's Ern Madrugada (1984) for seven players had a far more recognisably "Spanish "flavour than any of the Spanish items. It is a vivid, gripping, tactile re-creation, in primary colours of sound, of a poem by Lorca in which a man is dispersed that the street that the street contents of plane. Clarinet and vibration.

The Spanish items were peculiarly hard-hitting and more concerned with abstraction than atmosphere. David del Puerto's Veladura, apparently composed (last year) during a seminar, showed an unacademic exuberance in its deployment of plane. Clarinet and vibration. far more recognisably "Spanish" flavour than any of the Spanish items. It is a vivid. gripping, tactile re-creation, in primary colours of sound, of a poem by Lorca in which a man is discovered, "between the night and the morning", inexplicably with a knife through

Holt's meticulous score is full of biting attacks and lyric urgencies, and has about it urgencies, and has about it something of the brightness of the bullring. After an explosive piano cadenza it ends with a startlingly effective jaunty little-coda. The performance—extremely convincing—which we heard was not the work's feet the programme indifirst, as the programme indi-cated, but at least its third: the piece is establishing itself.

Another British piece, Rupert Bawden's seven-minute Railings (1980) for flute and piano, conveyed through the sheer inconveyed through the sheer intensity of its note-working (thrillingly realised by Anna Noakes and Michael Dussek) what struck me, fancifully perhaps, as a quality of duende. James Dillon's beautifully-textured Zone (... de Azul) was like a carefully controlled improvisation

of piano, clarinet and vibraphone. The musical patterns Felix Ibarrondo's Flamina

provisation.

(1980) resembled a gymnastic contest between piano and flute and vibraphone and drums: very straightforward, very loud. The same evening at the Wigmore Hail, the Nash Ensemble's concert of 20th century American chamber music (very attractive pro-gramme disappointingly small audience) was lent a Spanish tinge by the new work of the occasion. Simon Holt's Canciònes.

Three harshly vivid Spanish poems, one by Lorca, two "anon," supply a further opportunity for this most remarkable and distinctively

pinpoint niceties of contrast and earthy yet carefully controlled resources of texture that point to a direct interest in the mature music of Falla (always a good influence). On a single hearing, it seemed to me that the vocal writing, though full of boldly imagined gestures (including, at the start of the Lorca setting, a wonderfully striking phrase rising up over more than two octaves), was rather less certain of purpose and direction.

Perhaps a singer of greater tonal richness than the brank at case Linda Hirst might counter such an impression. In any case, I revelled in the delicacy and imaginative freedom of Holt's inventions, and long to hear the whole piece again.

Max Loppert

Don Giovanni, Aida/Opera Colorado, Denver

Timothy Pfaff

itself to works from the central repertory. But the company does something distinctive with the works by staging its productions in the round, at Denver's Boettcher Hall.

That arrangement is not without its musical disadvantages.

There are, inevitably, some lapses in co-ordination between pit and stage, and some periodic now-complete mastery of the echo effects on stage. But in actual performance, the ears adjust quickly, and the gains, in terms of theatrical intimacy and a more natural kind of stage movement, are readily appreci-

A related aspect of productions in the round is that, for clear visibility, sets must be clear visionity, sets must be minimal—a constraint not altogether unhappy in an era of production excesses. Robert O'Hearn, the stage designer, a long standing collaborator of Susan Quittmeyer and Nathaniel Merrill, the director, and the most of the limitation. made the most of the limitation, Masetto, warrant mention. devising spare—but theatrically Julius Rudel did not chart new

costumes and just a few proper-ties richly evoking the respective periods. Spared "big house" treatment, both works emerged appreciably more fleet and dramatically pointed than usual.

now-complete mastery of the title role automatically made the Don Giovanni a production of moment. It was refreshing to hear the part sung by a young man (such as Mozart probably had in mind), restoring some of the comic aspects to the character's putative villainy. Mr Morris created the role with a rare blend of ease and power.

Like many another small highly effective—physical pro-opera company, Opera Colorado, duction for the two offerings which presented its fourth sea-son in May, has chosen to limit Aida. territory in the score, but his sure, light handed, intrinsically comic reading was welcome. Aprile Millo had a triumph

Sets were all but implied, with verdi roles recently in New York. Attention was keenly focused on her Aida—appropriately, as it turned out. since there was little other singing interest in the production, and none at her level.

This accomplished young

soprano gave further notice of arrival of a Verdi singer of the first order. Her lustrous, admirably controlled voice and sure sense of word and phrase kept her audience enthralled. When her pianissimi become more secure, and she corrects a tendency to approach the pitch centre from below, she may assume a place among the best interpreters of Verdi. The conductor, Argeo Quadri, also proved himself a masterful

Verdian.

Full houses augur well for Opera Colorado's survival. If the company continues to mount such fresh, imaginative produc-tions, it may become one of America's important smaller companies.

Solti and Perahia/Barbican Hall

Dominic Gill

performing background than ing, clear and cleanly shaped most. Before turning decisively in the outer movements, delicato conducting after the war, he had been one of the promising young pianists of his generation, studying piano and composition with Bartok and Dohnanyi in

It was a splendid idea of the which in no way devalued Solti's performance, but which was fun-English Chamber Orchestra's to invite Solti as both soloist and conductor to their Gala concert on Wednesday evening with Murray Perahia. It was a simple all-Mozart scheme: three con-certos, the first played by Solti and conducted by Perahia; the second vice versa; the third, the

It would be foolish to pretend gance, was pure delight.

Most conductors have begun that 40 years absence from the tely exploratory (if a little flat of timbre) in the Romanze. If Perahia had not sat down directly afterwards to play K595 in B flat, the contrast of sonority would have been less vivid: as Budapest, and winning first it was a splendid idea of the

Their account together of the two-piano concerto was unex-pectedly fine—the very unanimity of gesture was invigorat-ing, and in the first movement the two distinct expressive manners were wholly complemarvellous two-piano concerto mentary, never at odds. The K365, given by Solti and Perahia larghetto especially, delivered with mary-llous ease and ele-

damental none the less.

Pelléas et Melisande/La Scala, Milan

William Weaver

most conductors have beging that 49 years ansence from the their musical career playing some instrument or other, if only in the back desks of the orchestral violas; but Georg his account of K466 in D minor Solit has a more distinguished was by any standards command-conduct Debussy's opera he is Debuss's part of the conduct Debussy's opera he is Debuss's conduct Debussy's conduct Debussy's opera he is Debuss's conduct Debussy's opera he is Debuss's conduct Debussy's conduct Debussy's opera he is Debuss's conduct Debussy's conduct Debussy greeted by cries of "bravo" and a warm ovation, repeated even more fervidly at the end of the

For these are his last appearances as musical director of the Scala orchestra, and though he will surely return to the house as a guest after Riccardo Muti as a guest after recardo muti-has taken over in the autumn, the unpredictable Milan audi-ence has chosen this occasion to express its affection.

As a matter of fact, Abbado in the past was not spared criticism from the Scala public, but this time they are right to hail him. His Pelleas is a great achievement; an unerring, fresh, will be reading of the scan (vising right) wirlle reading of the score (using a new critical edition by David Grayson), with the Scala orches-tra at its most pliant and seductive. The great moments—like the ecstatic explosion as Pelléas

The current production of light in Act Three—are magic-completely at home in her part.

Pelléas et Mélisande at La Scala, ally reodered, but then the singing the notes fully and Milan, is being considered by whole execution is coherent, freely. Kurt Olimann was her its audiences a kind of farewell fluent.

Pelléas on opening night. Now Unfortunately some

Abbado's achievement — and Debussy's — is marred by the staging of Antoine Vitez. A few years ago Vitez made his operatic début, at the Maggio musicale in Florence, with a Nozze di Figaro whose results should not have encouraged him to nursue this second career But pursue it he has, though this Pelléas would not indicate that he has learned much.

True, he and his designer Yannis Kokkos have created some suitably spare, gloomy interiors, but most of the scenes are perversely wrong. Thus in the Act Three sequence menthe Act Three sequence men-tioned above, the half-brothers never descend underground; they simply gaze below from a kind of balcony; the curtain then closes, reopens, and they are seen standing on a kind of hillock. The gradual move-ment from darkness to bright daylight, impellingly and clearly expressed in the music, is ignored. The death of Mélis-ande, with a seascape in the ande, with a seascape in the background and the dying girl

the part is interpreted by Francois Le Roux, an engaging sinks to the tiresome Debusty parlando; his voice, at the fourth performance, sounded a

bit weary in his final scene.
The lovers had the merit, too,
of singing in intelligible French.
As Arkel, Nicolai Chiaury was
less idiomatic, but still full of authority (the old king's blind-ness seems to be dismissed by Vitez, and Ghiaurov even stole a few glances at the conductor in his first scene). The Goland. John Brocheler, is vigorous, impetuous, in full agreement with Abbado's virile interpretation of the conductor o tion of the score Glenys Lines is a stately Geneviève (dressed as if about to be presented at court; she needs only the three white feathers). Patrizia Pace. a sweet, high soprano, actually makes the odious little Yniold

touching and convincing.

This new Pelléas production is part of a big Debussy celebra-tion sponsored by La Scala, which has also scheduled chamber concerts, recitals, symande, with a seascape in the background and the dying girl propped on a kind of sliding board, is almost ridiculous.

If the visual aspect of the evening is often deplorable, the musical side is an almost constant pleasure. Federica Van Stade's Mélisande is young and vulnerable, but never simpering or silly. Vocally she is chamber concerts, recitals, symphonic programmes with music of Debussy or his contemporaries. Later this month there will be productions of Le Martyre de Saint Sebastien; and the surviving fragments of the proposed opera. The Fall of the House of Usher, will be incorporated in a text devised and staged by the avant-garde producer Pier'Alli.

Saleroom/Susan Moore

Noted in two halves

force and paid keen prices for with a bear, by Kaigrokusu the perfect netsukes; the high proportion of damaged and well-worn pieces in the collection of the well-worn pieces in the collec-tion accounted for the high pro-portion unsold (22.5 per cent). The one exception, ironically, was the top lot, a powerful but damaged group, Ashinaga seated on Tenaga's back and reaching down with a double-

reaching down with a double-length arm to pick up a fish. American dealer S. Ashkenazi bought it for £5.280 against an estimate of £1,500-£1,800.

A Shibayama ivory fan of the Meiji period also exceeded expectations by selling to another American dealer for £4,400. Seibu, the Japanese department store paid £3,080 for a large, early figure of Shoki, of the 18th century. It was announced before the sale was announced before the sale that the proceeds would go to Jewish charities; the main beneficiary is the Israel

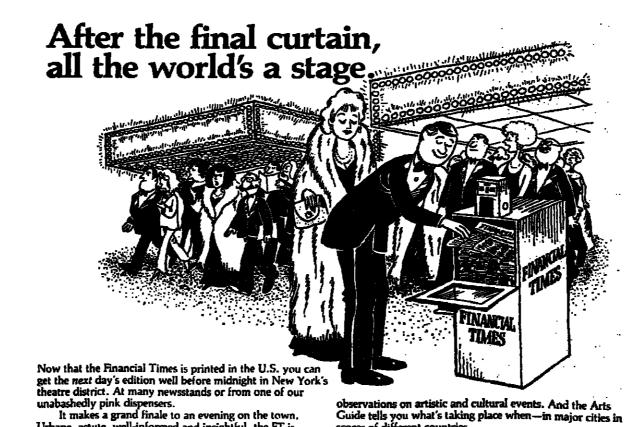
Marcel Lorber's collection of netsuke and other Japanese works made £127,178 yesterday, American dealers were out in Another fine study an ivory rate. cub (£7,260) and a rare buffalo horn seal netsuke of 1790 (£7,040).

Half a violin is presumably no better than none. Two halves at Phillips yesterday, certainly are. A violin by the leading French maker Jean Baptiste

day. Holborn Diamonds paid the top-price: £95,040 for a delicate tiara set in a series of latticed bands with star panels (estimate £80,000). A similarly estimated manufacture of the wrading of the wra estimated necklace of 46 gradu-ated diamond collets sold for £88,560. Diamonds with rables, Museum.

At Sotheby's general Japanese sale, a delightful 18th-sale totalled £973,965.

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Boulanger, Copland, Kenton Coe, Ives; Myung Jean Keh piano recital. Beethoven, Scriabin, Chopin, Liszt (Tue); Karen Hutchinson piano reci-

tal Mendelssohn, Franck, Chopin, Donald Kests (Thur), 87th w. of

Bargemusic (Fulton Ferry Landing):
Chamber music concert with Fred
Sherry, cello; Toby Hoffman, viola;
Cho-Liang Lin, violin; Stephanie
Brown, piano. Mozart, Martinu,
Brahms. Brooklyn (624 4061).

Alicia de Larrocha (piano): Turina, Granados, Chopin. Tokyo Bunka Kaikan (Mon). (345 8348; 545 9348).

Francisco Araiza (tenor) accompanied by Irwin Gage. Mozart. Rossini, Ver-di, Puccini, Gounod. Hitomi Memo-

di, Fuccini, Coundo. Huomi Memorial Hall, Showa Women's College, Sangenjaya (Tue); Schubert's Die Schöne Mullerin. Tokyo Bunka Karkan (Thur). (545 8348; 545 9348).

akahiro Sonoda (piano) Lizst, Tokyo Bunka Recital Hall (Wed).

481 75001

Bunka Recital Hall (Wed).
(461 2590).

NHK Symphony Orchestra, conducted
by Hiroshi Wakasugi. Concert version of Debussy's Pelleas et Médisande. NHK Hall (Thur). (485 1780).

Shinsel Nihon Symphony Orchestra,
conducted by Makoto Kokubu; soloist: Shigenori Kudo (fitte). Mozart.
Tokyo Bunka Kaikan (Wed).
(985 4838).

niels, Aragall; Carmen conducted by Weikert with Baltsa, Borovska, Carreras, Diaz, Gyldenfeldt

Carteras, Diaz, Gyidenteidt (53 24/26 55). Yolksoper: Die Fledermaus; Das Land des Lächeins; Hello Dolly; Madame Pompadour (53 24/26 57).

NEW YORK

New York City Ballet (New York State), Lincoln Center. (870 5570). American Ballet Theatre (Opera House): Mikhail Baryshnikov brings

House): Mikhail Baryshnikov brings his company to its two-month spring season with four new works choreo-graphed by Kenneth MacMillan, John Taras, David Gordon and Ka-role Armitage, which join the reper-tory that includes The Nutcracker, Don Quixote, Giselle and La Baya-dere. Ends July 5. (3828000).

Broadway (362 8719).

Theatre

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LONDON

The Normal Heart (Albery): Tom "Amadeus" Hulce is playing the crusad-ing hero of Larry Kramer's bysterical melodrama for a three-month season, as public concern over the Aids epidemic increases. (836 3878 credit cards (CC) 379 6565).

credit cards (CC) 379 6565).

Orphans (Apollo): Last chance to catch explosive collision of acting styles between Albert Finney and two of Chicago's Steppenwolf artists in implausible, guilty drama. (437 2663). Until end of June.

Anthony and Cleopetra. The Training of the Shrew (Haymarket): Vanessa Redgrave as Cleopetra and Katherina leads brave West Ead presentation and astonishes still with her elemental talant, especially as Cleo.

tion and astonishes still with her elemental talent, especially as Cleo. (930 9832 (CC) 240 7200).

La Cage Anx Folles (Palladium): George Hearn a welcome star alongside Denis Quilley in the transvestite show for all the family. Weak second act, less than vintage Jerry Herman score. The show has not travelled well from Broadway. (437 7373 (CC) 734 8961).

Blithe Spirit (Vaudeville): Susan Hampshire and Joanna van Gyseghem have now joined Simon Cadell in this enjoyable Coward revival.

this enjoyable Coward revival. (836 9987). Trollus and Cressida (Barbican): Pro-

vocative RSC production set vague-ly in the Crimean War with Juliet Stevenson refusing to play Cressida false but riveting just the same. The bumptious 1950s Merry Wives continues in reperioire. (628 8795).

Dulliance (Lyttelton): Tom Stoppard's new version of Schnitzler's Leibelei is a crushing disappointment only partly redeemed by Brenda Blethyn party returned working girl. A theat-ricalised travesty of the work adds to the confusion of middle-aged ac-tors playing boyish dragoons in Pe-ter Wood's numbingly respectable production. (928 2352).

Lend Me A Tenor (Globe): Fresh and

inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohlo in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken iden-tity romp, while Verdi's Otello car-

ries on regardless. (437 1592) When We Arc Married (Whitehall): Matchless comic playing from an all star cast in Priestley's comic war-house about silver wedding anni-versaries undermined by an inconenient revelation. Bill Frazer is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1830 theatre has been beautifully renovabed. (930 7785).
Notices Off (Savoy): The furniest play

for years in London, now with en improved third act. Michael Blakemore's brilliant direction of back-

raore's brilliant direction of back-stage shenangans on bour with a third-rate farce is a key factor. (836 8388).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskat-ing folly has 16 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Dis-neylant, Star Wars and Cats are all influences. Pastiche score nods to-wards rock, country and hot gotpel. No child is known to have asked for his money back. (834 8184): his money back. (834 6184): 42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Mer-rick's tap-dancing extravaganza has

been rapturously (836 8108). **NETHERLANDS**

Amsterdam, Bellevie. Théâtre Sapa-jon of Paris with Vermeer et Spino-za by Gilles Aillaud. (24 72 48). Amsterdam, Sulkerhof Theatre (Prin-sengracht 381). The Hall Family presents Old Time Music Hall, with songs to make you sing and jokes to make you weep (22 75 71).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Num's production of T.S. El-liot's children's poetry set to trendy music is visually startling and choreographically feline, but classic choreographically lettle, our cassic only in the sense of a rather staid and overblown idea of theatricality. (239 6262). 42nd Street (Majestic): An immodest celebration of the heyday of Broad-

way in the '30s incorporates gens from the original film like Shuffle Off To Buffalo with the appropri-ately brash and leggy-honfing by a large chorus line. (977 9020). A Choras Line (Shubert): The longest-thunger musical easer in America running musical ever in America

has not only supported Joseph
Papp's Public Theater for eight
years but also updated the musical
genre with its backstage story in
which the songs are used as anditions rather than emotions.

The Pagerelie

Ruch and

(239 5200). La Cage aux Folles (Palace): With a tage and Fouge (Palace). With some bineful Jerry Herman songs, Harvey Flexistan's adaptation of the French film manages, barely, to cap-ture the feel of the sweet and hilar-

ture the feel of the sweet and hilarious original between high-kicking
and gaudy chorus numbers.
(7572626).

Fin Not Rappager (Booth): In moving
to Broadway, Herb Gardner's touching, fanny and invigorating play
about two oldsters retains its stars,
Judd Hirsch and Cleavon Little, who
himset consume the world when they almost conquer the world when they think they are just bickering with each other. (2396200).

Loot (Music Boot: John Tillinger di-rects this high-spirited revival of Joe Orton's 1966 macabre farce fea-turing Zoe Wannaker as the homi-cidal music who rumances a widower while burying his wife and con-niving with their thieving son to hide the body. (239 6200)

WASSENGTON

The Caine Mutiny Court Martial (Eisenhower): Chariton Heston and Ben Cross star in the military courtroom drama written by Herman Wouk. Ends July 6. Kennedy Center (2543670).

CHECAGO

Orchards (Goodman): Seven American playwrights, including Michael Weller and John Guare, interpret Chekhov short stories for an inspired evening of performances by the Acting Company which made the commissions. Ends June 29.

(443 800)

ump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensits has proved to be a durable Cincara his 7228 8100 rable Chicago hit. (935 6100).

TOKYO

Kabaki: Matinee and evening performances include in their miscellany this month famous comedy piece Boshibari and Renjishi, speciacular Lion dance (matinee). The Sushiya an act from the masterplece Yoshit-sune Sembonzakura, is the most interesting of the evening pro-grammes. Excellent English notes and earphone commentary. Kabuki-za, Higashi Ginza (541 3131).

LONDON

Ivo Pogorelich, piano: Beefhow Bach and Chopin. Barbican Hall (Mon.). (838 8891).

Royal Philharmanic Orchestra, conducted by Antal Dorati, with Isaac Stern. violin. Haydin, Bruch and Franck. Royal Festival Hall (Mon.).

(122 3191).

Medici String Quartet with Christine
Cairns, soprano. Britten, Milhand,
Chausson and Franck, Queen Elizabeth Hall (Mon). (323 3191).

Ray Charles in concert. Royal Festival Hall (The 6.30pm and 9pm). The King's Singers: Queen Elizabeth Hall (Tue). Markon Menigemery, with Leurie Hol-kway and quartet. Queen Elizabeth

Royal Philharmonic Orchestra, conducted by Andre Previn, with Andre Watts, pismo; Eva Lind, soprano; Curistine Cairist, soprano, Berlioz, List and Mcdelssohn, Royal Festival Hall (Wed) LAST and Erronessons. Royal res-tival Hall (Wed). Ragish Chamber Orchestra, directed by Vladimir Ashkenazy, piano. Mo-zart. Barbican Hall (Wed).

Joe Pass in concert: Queen Elizabeth Hall (Thur).
[Audion Symphony Orchestra conducted by Rafael Frubbeck de Burgos with Nathan Milstein, violin.

Opera and Ballet

Reyal Opera, Covent Garden: Eugene Onegin reverts to English for its lat-est revival, and a strong cast led by Beana Cotrubes and Thomas Allen

grip upon the score. The new production of A Midsummer Night's Dream comes at a lew years remove from the Aldeburgh Festival

from the Aldehurgh Pestival (240 1088). English National Opera, Coliseum: Die Fledermaus finally returns to its roost while Mary Stuart proceeds

upon its accident-prone way, with-out Rosalind Plowright. The week is completed by two of ENO's most considerable achievements of recent

years, the mysteriously compelling Mask of Orpheus and David Pount-

PARIS

Wupperial Tangtheater: Two works by Fina Bausch with her violence in de-ciphering human nature and tender-

mises to grow in dramatic effec-mess as Colin Davis tightens his

Brahms, Stravinsky and Weinberger, Barbican Hall (Thur).

Ronnie Scott's, Frith Street (439 0747).

PARIS

Orchéstre National de France conducted by Andrew Litton, Michel Razn-ie, flute Weber, Mozart, Gluck (Mon 6.30pm). TMP-Chatelet (4233 0000). memble Intercontemporain, con-ducted by Denis Cohen, Laurent Aimard, piano: Barriere, Cohen, Strop-pa (Mon, Thur). IRCAM, 31, Rue Saint-Merri, Espace de Projection

(4278 7985).
Vivaldi concertos for mandolins, Piccolos and Viole d'Amour (Tue). Saint-Severin Church (4833 8761). Gundula Janowitz, soprano, Peter Wa-ters, piano (Thur). TMP-Chatélet (4233 0000). English Chamber Orchestra directed

by Vladimir Ashkenazy, piano. Mo-zart (Thur). Theatre des Champs Elzart (Thur). Théâtre des Champs El-yoes (4723 4777). Neuvel Orchéstre Philharmonique, conducted by Maximiano Valdes, with Margaret Price, Hanna Schwarz, Radio France Choir: Cilea – Adrienne Lecouvreur (Thur). Salle Pieyel (4561 0630).

WEST GERMANY

Frankfurt, Alte Oper: The Israel Phil-

His decor of abstract mobile panels

His decor of abstract mobile panels bathe the scene in an atmosphere of the unreal. Paris Opera (4265 5022).

Die Zunberflöte in Marcel Bluwal's production tries to show the shaft of optimism shining through the complexity and contradictions of Moples and contradictions of Moples and the contradictions and the contradictions and the contradictions and the contr

zar's work which combines philoso-phical depth with the Burlesque at the Opéra Comique (432 9606 11).

WEST GERMANY

Berlin, Deutsche Oper: Fidelio, a Jean

ness in understanding it. Theatre de la Ville (4274 2277). Salasambo in Zoltan Peeko's orchestration and conducted by him in Naples' Teatro San Carlo production created by David Borovsky who chose to leave the opera unfinished. His desce of abstract working panels.

Milan, Teatro alla Scala: Homage to Debussy: Pelleas et Mélisande con-ducted by Claudio Abbado and di-rected by Antoine Vitez, with ab-stract sets by Yannis Kokkos. Excel-

Guiseppe Sinopoli. Tchaikovsky and Brahms (Mon): Pinches Zukanna Philharmonic conducted by Anton Kersjes, with the winner of the 1986 Liszt piano concours. Wagenaar, Liszt, Beethoven (Mon). Recital Hall: Ed Spanjaard concern the the Brahms (Mon); Pinchas Zukerman, violin and Marc Neikrug, piano. Beethouen (Thur)

ITALY

Florence: Teatro della Pergola: Pinehas Zukerman, violin; accompanied by Mark Neikrug. Beethoven (Mon and Wed). (24 23 61).

NETHERLANDS

letherlands Bach Society choir, ba-roque orchestra and solists conducted by Ton Koopman with Magnifi-cats by Buxtehude, Kuhnau and Bach, Tue in Gouda, Grote Kerk, Wed in Naarden, Grote Kerk, Thur in Utrecht, Geertekerk

in Utrecht, Geertekerk (030-51 51 61).

Amsterdam, Concertgebouw. Piano recital by Sviatoslav Richter (Tue).

Recital Hall: The Pascal Roge wind ensemble. Roussel, Poulene, Satie, Bert, Debussy (Wed). The Schönberg Ensemble led by Reinbert de Leeuw, Ravel, Boules, Joliver, Barrague (Thur) (71 83 45) et, Barraqué (Thur). (71 83 45).

Botterdam, Doelen. James Conlon conducting the Rotterdam Philharmonic, with Malcolm Frager, piano. Beethoven (Thur). Recital Hall: Ronald Brautigam, piano. Haydn, Rachmaninov, Beethoven (Thur). (14 29 11).

Utrecht, Vredenburg. The Netherlands

singer von Nürnberg features Bea-trice Niehoff, Hans Sotin, Kurt Moll

Cirque Royale: National Opera pres-ents Boris Goudonov conducted by Michael Schönwandt (218 12 02).

Berlin, Deutsche Oper: Fidelio, a Jean
Pierre-Ponnelle production, has Lisbeth Belsley and Bené Kollo, La
Gloconda with Maria Slatinaru, Livia Budai and Giorgio Lamberti.
Madame Butterfly has fine interpretations by Yoko Nomura, Helga Wisniewska and Corneliu Mugu. Also
Zar and Zimmermam and Die Zauberflötte (3 43 61).

Hamburg, Staatsoper: This week's
highlight is Otello starring Maria
Chiara and Wladimir Atlantow, con-

ducted by Giuseppe Patana. La Clemenza di Tito, sung in Italian, has Doris Soffel, Gabriele Fontana and Hermann Winkler. Die Mi

lent cast includes Federica von Stade as Mélisande, Kurt Olimann

by Jonathan Miller with scenery and costumes by Stefanos Lazaridis. Eva Marton (alternating with Solia Larson), Giuseppe Giacomini, Silva-no Carroli and Italo Tajo. (277 9236). tumes by Pasquale Grossi, with Rai-na Kabaivanska (548 000).

NETHERLANDS

New Ensemble, with Georg Mönch, violin. Donatoni (Mon). (31 45 44). Amsterdam, Paradiso. Modern Italian

works performed by the Nether-lands Wind Ensemble and the Hague Percussion Group conducted by Arturo Tamayo. Petrassi, Genti-

Renosto, Scelsi

SPAIN

Granada International Festival: Czech

Philarmonic Orchestra conducted by Vaclav Neumann, Mozert and Mahler, Auditorio Manuel de Falla

VIENNA

ntserrat Caballe, Lieder: Miguel

Zanetti, piano. Händel, Vivaldi, R. Strauss. Mozart Saal, Konzerthaus (Mon).

Vienna Symphony Orchestra conduct-ed by Christoph von Dohnanyi with Aurele Nicolet, flute, Ursula Holli-ger, harp. Haydn, Mozart, Schubert. Konzerthaus (Thur).

NEW YORK

Merkin Hall (Goodman House): Shar-on Mabry mezzosoprano recital Lili

ducted by Zubin Mehta and directed

hicci, Re (23 73 48).

Amsterdam, Carre. Wagner's Die Meistersinger from the Netherlands Opera and the English National Op-era directed by Elijah Moshinsky and designed by Timothy O'Brien, with the Concertgebouw Orchestra conducted by Edo de Weart. Soloists William Johns, Kathryn Bouleyn, Jard van Nes, Norman Bailey (Tue). (225 225).

SPAIN

spring opera season with Dannis O'Neill as Alfredo and Edita Gruberova as Violetta. Gran Teatre del Liceu, Sant Pau 1. (318 9277).

Stastsoper: Die Zeuberflöte conducted by Von Dohnanyi; La Boheme con-ducted by Mund with Tokody, Da-

Barcelona. La Traviata rounds off

Alvin Alley American Dance Theatre: Blue Suite, Cry For Bird with Love, Revelations (Wed); Night Creature, Treading Suite, Otis, Revelations (Thurs, matinee); Divining, Love Song, Speed, The Stack-Up (Thur, evening). Nakano Sun Plaza (237 9999; 980 6666).

Exhibitions

LONDON

The Royal Academy: The 218th Summer Exhibition - the art exhibition for too long held to be of more social than aesthetic importance has, over the last 20 years, returned to its rightful place at the centre of the British art world, neither avowedly avant garde nor at all academic, in avant garde nor at all academic, in any perjorative sense, but simply seriously professional. Newer members include David Hockney, R. B. Kitaj, Eduardo Paolozzi and John Hoyland, all exhibiting this year. With the open submission, the exhibition adds up to nearly 1,600 works of all kinds.

d'œuvres on loan from the Maurits-huis trace a panorama of 17th-century Dutch painting with Ver-meer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30.

(42815410).

Marie Laurencin: After a short flirtation with Cubism, Marie Laurencin, tion with Cubism, Marie Laurencin, Apollinaire's love and Cocteau's friend, create an enchanted world of adolescent girls. The unchanging pale, oval shaped faces with expres-sionless eyes, the ethereal bodies amid flowers and flotating pink and blue ganzes could easily be seen too suggest but for the away of Samble. blue ganzes could easily become too sugary but for the aura of Sapphic mystery, Gallery Malingue, 26 Ave Matignon (4266 6033). Ends June 21. French Masters of the 19th and 20th century: The catalogue of the yearly Robert Schmit exhibition reads like

Robert Schmit exhibition reads like a Who's Who in painting. There are five Roudins, the gallery's special-ty. Caillebotte, Cezanne, Van Dong-en, Fantin-Latour, Odflon Redon and even Sontine grace the walls with bouquets of flowers while Cha-gall has a flowering tree in his red-toned sunset. Degas has a study of two dancers and a fiery choured oil toned sunset. Degas has a study of two dancers and a fiery coloured oil of a nude combing her hair. There is a large composition by Derain from the late 1930s, the Painter And His Family grouping in a surprisingly realistic rendering – his wife with a book, his niece, his sister-in-law, family cat and himself in the centre before an easel with a brush in his hand.

hand.

The strong point of the exhibition is a Picasso painted in 1900, a scene of typical Spanish figures in expressive attitudes and striking colours in front of a wine shop. As a counterpoint there is a stylised Woman in a Rocking Chair dated woman in a rocking chair taken 1956 with the same strong orange, black and blue summing up Picas-so's artistic development. Galerie Schmit, 396 Rue Saint Honoré (4260 3636), closed Sun and hinchtime. Ends July 19.

WEST GERMANY

Bayreuth, Iwalewa-Haus, Münzgasse 9: Art and Culture from the Congo and Zaire. About 300 paintings, cult and practical objects from the Colo-nial period to today. Ends June 20. Hamburg, Kunsthalle, Glockengießer-wall I Renaissance of the North. 110 Geographics of the North. 110 German and Dutch pai loan from the Paris Ecole des Beaux-Arts. Among the artists are von Bouts, Dürer and Goltzius. Ends

June 29.

Düsseldorf, Kunstmuseum, Ehrenhof
5: Otto Pankok (1893-1986). The Passion: 80 huge charcoal drawings by
the German expressionist covering

1933-34, Ends Oct.

BRUSSELS

Musee Royale d'Art et Histoire: Tai-wan-based painter Wong Liu-Sang. 40 paintings, of which 10 are by his pupil Chen Sian-Nan form this peinter's first European exhibition. The artist will demonstrate tradi-tional Chinese spiriting at Line 12 nal Chinese painting on June 18. Ends June 29.

Magie de Verre: Belgian stained glass windows through the ages. CGER.

Cartoons on the theme of the theatre, circus, opera and caberet. Maison de la Bellone. Ends June 28.

ITALY

ice: Palazzo Grassi: Futurism and Puturisms: Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement bord in Italy, and the first to exalt tech in Italy, and the first to exalt recu-nology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1908-16, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12. Flerence, Palazzo Medici-Riccardi: Pi-

casso Engravings (1904-71). Examples of the techniques with which Picasso experimented – etching, eqricasso experimented - etching, aquatint, linocut and engravings and often mixtures of several. One oil is included: the infinitely sad and genile Hartequin, painted in 1917, the year in which Picasso started designing sets for Diaghilev's Bussian Ballet company, and the year of his first visit to Florence. The model is the denor Leonide Materials model is the dancer, Leonide Mas-sine. The first etching is the chilling Frugal Meal done the year that Pi-casso sattled in Paris (1904). The Dove lithograph (1949), adopted as the symbol of the world peace con-gress, several irreverent reinterpre-tations of Cranach and Rembrandt, portraits of Jaqueline, Françoise and Paloma and various mythologi-cal subjects are included. Ends June

Morence: Palazzo Pitti (Sela Bianca):
Mary Magdalene: Saint and Sinner:
An inspired exhibition based on the
contrasting aspects of the character

contrasting aspects of the character of Mary (who symbolises both sin and redemption) as seen by artists as diverse as Tritian (the glorious Mary Magdalene of Noli Mi Tangere) to Guttuso and de Chirico, via the gloomy and often despairing figure of many of the 19th century paintings. Ends Sept 7.

Reme: Villa Farnesina (National Print Gallery) Via Della Lungara 230: Baroque Decorative Drawings. The National Print Gallery is rightly proud of its collection of over 150 drawings. The exhibition includes designs of extraordinary exuberance and delicacy: decorations for the posterious and door-panels of coaches, table centres, picture coaches, table centres, picture frames, and the draped scallop-shell coach-bed pulled by mermaids and sea-horses, designed by Bartoli, for the birth of the first child of Princess Maria Colonna in 1663.

NETHERLANDS

Amsterdam Historical Museum. Cor Jaring's photographs of Amsterdam in the restless 1960s, from Provos to dockworkers, happenings to street markets, and an eventful royal wed-

ding. Ends June 22. Utrecht, Catharijneconvent. The legends and facts surrounding the life and voyages of St Brendan, the 6th-century Trish Odysseus, are ex-amined with the aid of fancifully ilprinted books. Ends August 10.

SPAIN

Madrid, Claude Monet (1840-1926): The

greatest living French artist, as he was called, was an innovator who revolutionised the course of modern painting by playing a leading part in the creation of a new artistic move-ment: impressionism. 125 paintings on loan from private collectors and museums from all over the world will offer a good overview of his different artistic periods with a prom-nent representation of his most fa-mous period at his home at Giverny. Meac – Museo Espanol de Arte Contemporaneo, Avenida Juan de Her-rera 2. (449 71 50). April 29 - end

Barcelona. Max Ernst retrospective includes 125 works of the dadaist and surrealist painter. Fundacion Joan Miro, Parc Montjuic. Ends Madrid, Post Minimal gathers works of North American sculptors on loan by Whitney Museum in New York, complementing the recent exhibition of British scalpturs last Febru-ary in the same premises. Palacio de Velázquez, Retiro Park. Ends Jú-

NEW YORK

Japan House: Burghley House, with the earliest known record of Japa-ness-percelain in Europe, provides a fouring exhibit that will visit the High Museum in Atlanta and then High Misseum in Automa and anna Japan through 1988 with 205 Japanese and Chinese objects dating from the 16th to the 18th centuries. Ends July 27.

Museum of the City of New York: Arbit Blatas's paintings, drawings and

bit Blatas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characcovering 12 scenes and 11 charac-ters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15. Metropolitan Museum: Two centuries of Renaissance masterpieces from Nuremberg include 270 works in painting, sculpture, tapestries and illuminated manuscripts by Al-brecht Direr, Rans Baldung Grien, Veit Stoss and Adam Kraft. Ends June 22. Picasso Sketchhooks (Pace Gallery): Opening a 14-city international tour,

Opening a 14-city international tour, the 200 drawings, water colours and notes from 45 of Picasso's 175 ca-

notes from 45 of Picasso's 175 cahiers give insights into the artist's
methods and preliminary work on
such famous paintings as Les Demoiselles d'Avignon, Rape of the Sahines and Mother and Child. Ends
Ang 1. 57th E of Madison.
Whitney Museum: The largest exhibit
ever mounted of Shaker design
shows off the strong, simple lines in
the furniture, tools, textiles and
graphic design of one of the great
American Puritan cultures that remained separatist and intact for mained separatist and intact for more than a century. Ends Angust

WASHINGTON

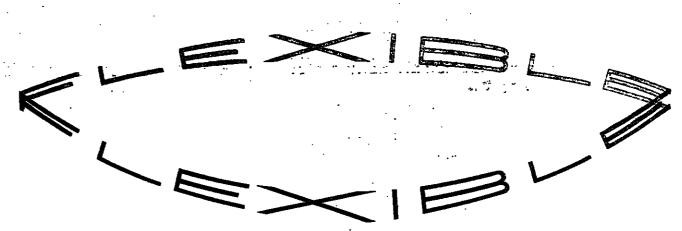
Hirshhorn Moseum: 75 works of the California sculptor Robert Arneson presents the glazed ceramics he pio-neered in what became the Funk movement in the 1960s with its ir-

movement in the 1900s with its in-reverent view of other artists, con-temporary artefacts and art itself. Ends July 6. Ends July 6. Pueblo Indian water colours from between the world wars recreate the sixual sairsel dozen arrows either ritual animal dances among other disappearing tribel customs. Ends August 17.

Art Institute: Famous as a fashion photographer, Richard Avedon un-dertook a five-year project to cap-ture the American West in the tradi-tion of nineteenth century photogra-phers such as William Henry Jackson. The results are "a fictional West", Avedon claims, with outsized portraits of Americans ranging from a rattlesnake roundup to county fairs. Ends August 3.

Tang Three Colour Glazes: Ceramic vessels and figurines excavated from burial mounds of the Tumulus period in their characteristic brown, green and blue glazes: Idemitsu Art Gallery, 9th floor of the Kokusai Building, above Imperial Theatre. Ends July 6.

ivilisation along China's Yellow River: 136 exhibits of large bronzes and ceramics from 2000 BC, subject of recent excavations, portray some-thing of the wealth of civilisation along this important river (known as China's Sorrow from the havor it as China's Sorrow from the havor it wreaks through its frequently changing course). Particularly inter-esting are the miniature ceramic models of people and aspects of peasant life, providing the human element normally missing from ex-hibition of museum objects. Good English labelling.



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Peter Marsh continues his series on expanding companies

"WE HAVE always had cash and run our own show. We are in a special field which we find interesting. Above all we want to win."

So says Bernard Eastwell, chairman and managing direc-tor of VG Instruments, a scientific-instrument company which he started in a garage 24 years ago and which last year had sales of £66m, four-fifths of this

It is generally agreed that Britain could do with more people like Eastwell, an amiable figure who pilots his own aircraft to business meetings and relaxes by driving his red Porsche (fast) around the country lanes of Sussex.

Eastwell is an ex-Mullard physicist whose first commercial success was to design a new valve that led to a 100,000-fold drop in the very low pressures in vacuum equipment. He has stayed in charge of his company while it has split into a dozen

while it has split into a dozen different subsidiaries, each of them run by entrepreneurial managers continually seeking ideas for new products.

It is this type of rapidly expanding high-tech manufacturing company which many observers of British industry, from Margaret Thatcher downfrom Margaret Thatcher downwards, desperately want to encourage. Such companies, so it is hoped, may be able to grow, fast enough to make an international impact and in the process generate significant wealth and employment to com-

weath and employment to com-pensate for the demise of other areas of manufacturing.

What are the essential ingredients which companies of this type require? To find out the FT studied six concerns (see table), all of them extremely promising mediumsized manufacturers which are based in the UK and involved in novel applications of science and technology. Apart from Eastwell's com-

pany, they are Eurotherm, a Worthing-based manufacturer of control equipment; Research
Machines, an Oxford computer
company; Quantel, part of the
UEI electronics and engineering group, which is in Newbury based near Bristol, which makes semiconductor production systems; and LK Tool, a factory automation specialist in Castle Donington, near Derby.

While VG Instruments, Eurotherm and UEI are all public companies, the other three are privately owned, LK Tool being part of Cincinnati Milacron of the US, which acquired the company about 18 months ago. LK Tool, the only one of the six to be owned by a non-UK con-cern, was included in the study because all the salient features in its growth took place before the acquisition.

All six companies share several characteristics. They have been growing in recent years at a more than respectable rate, 30 per cent annually in the case of Quantel, VG Instruments and Eurotherm and by sevenfold since 1983 for LK

The companies are by no means new. The youngest, Quantel and Research Machines. started in 1973 while the oldest, LK Tool, is this year celebrating its 25th anniversary, Growth in each case was far from rapid initially but has built up as the companies matured. None of the companies needed significant injections of capital in the way of equity from institutions or by share issues until relatively late.

In every case, the engineers who started the companies are still firmly in control. They have, however, recruited into

Quantel LK Tool

SIX UK HIGH-TECH SUCCESSES

Control equipment Scientific instrumer

TV/design systems.

With the exception of Re-

search Machines, all the con-cerns are substantial exporters, sidiaries rather than relying on

All the companies are "engineering driven" in that the development of technical ideas takes precedence to thoughts about exactly where new products are to be marketed. There is general agreement on the imis general agreement on the importance of keeping working units small, to minimise bureacracy and to simplify the way that ideas can be translated into products.

Take Quantel, which shot to prominence in the 1970s by de-With the equipment, used by TV studios all over the world. engineers can enlarge, com-press or merge images at the touch of a few buttons.

Then followed the product for Then followed the product for which Quantel is probably best known, a computerised "paintbox" which is used as an electronic aid in graphics design, both in TV studios and in the production of advertising material. In the past five years, the company has sold about 400 of these machines at up to £150,000 each. £150.000 each.

Quantel has continued to develop new electronic gadgets, ranging from ever more complex special-effects equipment for TV to instruments which clean up radar images or monitor the key positions specialist man-agers, for instance with market-ing skills, to supply non-tech-Richard Taylor, Quantel's man-

ployees formation

and makes equipment for TV nical expertise not possessed by aging director, "in markets and design studios; Electrotech, the founders. which already exist—we want to create new ones." At any one time, some 25 research projects search Machines, all the con-cerns are substantial exporters, generally preferring to sell their products overseas through sub-sidiaries rather than relying on

> The projects are started not as a result of detailed market research but on the basis, says Taylor, of whether they "feel right." Each may require a number of changes in direction before it reaches the produc-tion stage, a process which can take four years. According to Taylor, only about 5 per cent of the development schemes the

> company has started have failed to turn into useful products.
>
> In the case of VG Instruments, proposals for new products from the group's subsidiaries which course the warm. diaries—which over the years have split off, amoeba-like, into separate units concerned with such products as mass spectro-meters, microscopes, surface-analysis equipment and semi-conductor - tabrication systems —are vetted by a small head-quarters team in Crawley led by Eastwell. But the VG chairman says he has only to be "half convinced" that the idea is sound before he agrees to start its development.

> start its development.
>
> The approach hinges, says
> Eastwell, on hiring from the
> outset entrepreneurially minded
> employees. There is "no magic
> formula," according to the
> chairman, behind VG's policies
> for recruiting scientists and
> engineers. "There are all kinds
> of indications as to whether
> someone is going to do well.
> One is enthusiasm, Another is a
> feeling that the person knows one is enthusiasm, Another is a feeling that the person knows what business is about—he or she doesn't just talk about a technical subject but discusses the possibilities of a market."
>
> Once a development project begins, Eastwell "seeds" it with small amounts of money. "There are some losers (among the projects) but not too many. We projects) but not too many. We never spend too much initially and we never start the schemes in the first place unless we are



Bernard Eastwell: his approach hinges on hiring entrepreneurially minded employees

strategy to the instruments tion of small operating units, company in appointing "pro- each containing no more than duct champions" from within some 300 people. the group to mastermind new developments. In this way, people can build developments. In this way, it has spawned four main subwith colleagues, management sidiaries, in temperature and chains are kept short and there

The company aims to continue expanding mainly to maintain career opportunities for the people within Eurotherm, according to John Shackleton, joint managing director. Shackleton says that this strategy helps his company to keep its brightest and most able employees who are in danger The company aims to continue employees who are in danger of being lured away to rivals.

Shackleton disagrees with the notion that UK engineers may be brilliant innovators but are useless at selling. Virtually all Eurotherm's sales people are graduate engineers who are given early experience of learning about customers' require-ments, for example by going out

process control, chart recorders is more chance of good techniand variable-speed drives, cal ideas for new products together with a dozen or so bubbling to the surface rather smaller ones in areas ranging from printers to computer bureaucracy. "We are convinced," says Shackleton, "that with only minor adaptations the with only minor adaptations the ideology we had in our early days can also apply to a big company."

The progress of both LK Tool and Electrotech shows what can be done, even in fiercely competitive markets dominated by multinationals, if a small concern with a strong commitment to technological excellence keeps an eye open for opportunities missed by the major corporations.

maker for customers such as Rolls-Royce, started the development of highly complex measuring machines (to fit to automated machine tools and ments, for example by going out with maintenance staff on service calls. "They soon become aware of the different facets of marketing," he says.

The Eurotherm head also sees no reason why even fairly large organisations — Eurotherm now has 2,000 employees early pioneer in applications of the different facets of the company poured cash into the company started by mike Fischer and Mike O'Regan, two Oxford graduates, has perhaps the most formal approach to the development of products. These are mainly computers carbon-fibre, which was used to used in schools and colleges, which was used to used in schools and colleges, smake high-strength and tering away doing a useful tering away doing a

"The thinking then was 'Let's see where we can go in the next 10 years'," recalls John Beckett, the company's

chief executive. In the past three years the approach has paid off handsomely, with sales nearly doubling every 12 months and 70 per cent of output going to the US. US cus-tomers include such blue-chip engineering concerns as TRW, Boeing. Pratt and Whitney, General Dynamics, Westing-house, Chrysler and General Electric.

Electrotech, which is still owned by the three engineers who started the company (with two colleagues) back in 1968, has proved to be nimble enough continually to find niches in the world's semiconductor-equip-ment market, a business dominated by giants such as Applied Materials of the US Applied materials of the Us and Anelva of Japan. "In this area it's really the technology that sells," says Frank Keeble, technical director and cofounder. "Our main motivation is to see a piece of our repulsificated acquirement characteristics. LK Tool, originally a tool sophisticated equipment chun-tering away doing a useful

— should fail to keep up a carbon-fibre, which was used to used in schools and colleges, "small company" approach. By make high-strength and though the company is now this he means that the company extremely rigid components and is organised as a kind of federaincrease measuring accuracy.

works for bakeries ind estate agents.

Before a development project starts, the company maps out a detailed planning schedule for the next two or three years. taking in such aspects as the envisaged markets for the pro-duct, the main stages in the development and the way the machine will be made. Fischer, the company's managing director, says he learned this approach from the Japanese.

Posing as a potential customer, he toured Japan's electronics plants roughly twice a year between 1978 and 1981. taking in the working method of companies such as Hitachi NEC and Mitsubishi. Fischer NEC and Mitsubishi. Fischer made these visits, and similar tours of US companies like Tandem, Rolm and Teradyne, because he was "appalled by the conventional wisdom of current UK management."

Like many of the other five companies. Research Machines makes wide use of subcompac-tors in manufacturing its preducts, and adopts the latest manufacturing technologies such as computer-aided design and computerised work plan-ning methods to minimize ning methods, to minimis costs and improve production standards.

The Oxford company, despite subcontracting 70 per cem of its manufacturing, retains control over this work to a degree which is unusual for such a concern. To keep up quality, it buys all the components itself before handing them to subcontractive. The commany's comtractors. The company's com-puterised work scheduling system, which it installed in 1983, within a year virtually halved the volume of com-ponents it kept in stock, cutting maunfacturing increasing profits.

Like many of the people behind all six companies, Fischer is driven by an almost messianic vision of the kind of world-class operation which he wants his organisation to become and which he thinks other industrial concerns should strive towards. He says he is worried that many large UK manufacturing companies "are not trying hard enough" either to improve quality or to generate new ideas and first-rate managers. rate managers.

Finding good-quality people to recruit is, for Research Machines and many of the other five con-cerns, a real stumbling block to further rapid expansion As for the long-term plans of Research Machines, Fischer is aiming high: "We want to create a European version of a Hewlett - Packard

Previous articles in this series appeared on June 9 and

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loday, innovative chemicals research can create plastic raw materials with tailor-made properties for widely differing application possibilities in electrochrocations,

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he mausural society as a correct ductive polymers is statioening and fascinating.

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2 - risk control after deregulation - defined

massive, mas in, adj. the scale of change the London security markets now face, e.g. new market members and structures, new products and competitors, increased volume of trading.

manage, man'i, ut. until now trading risks in the separate financial markets have been understood.— manage markets, bankers, market-makers, jobbers and brokers each manage the different markets and risks within their discrete areas of operation.

memace, men'as, n. as organisations diversify and enter new financial markets where they have little experience, they are faced with new ill defined areas of risk.

motion, mo'shan, n. as many financial institutions move from commission-based to more competitive margin-based sources of corporate income. — angular motion, the degree of risk increases for inexperienced market members.

misunderstood, mis-und-or-stood, u.f. the new and greater risks are not fully understood.

Many traditional risk-control systems are hopelessly inadequate.

minimize, min'uniz, at. if heavy losses and failures are to be kept to a minimum, management must identify these areas of risk and ensure that adequate reporting and control mechanisms are in place. — minimal art, the UK can learn from American markets liberalised during the '70s. Their experience clearly illustrates that only well-controlled firms survive.

meteoric, me-ti-or'ik, adj. first-rate systems need to be instituted quickly - right from the start - because changes in London will be revolutionary, rather than evolutionary as in New York.

marauders, m2-rod'212, n. new international competition with strong experience and substantial capital is attacking the London markets.

major, major, adj. even bigger changes in global finance markets are taking shape at the same time, e.g. market convergence, internationalisation, erosion of client loyalties and traditional relationships.

minefield, min'feld, n. identifying and controlling risk/return in the new, highly competitive, global markets will require far-sighted and innovative approaches.

mandatory, man'da-ta-ri, n. decision-support information will be an absolute requisite for commercial success.

moribund, mor'i-bund, adj. lack of prompt and focused decision-support information will condemn an organisation to quick and certain death from uncontrolled risks and unrecognised profit opportunities.

monitor, mon'it'er, v.t. to track, check and manage; information requirements need to be defined - in order 1 to manage business resources (esp. capital) from a basis of knowledge, not ignorance. 2 to gear-up an expensive and limited dealing resource, and control dealing operations. 3 to develop a foundation of flexible and efficient administrative systems and databases.

map, map, n. this new approach requires a clear strategy to enable users' needs to be met on time; it must adapt to further changing business activities without requiring major systems rewrites.

marksmen, marks'man, n. Coopers & Lybrand's specialist financial services group has developed well-tested methodologies to meet the needs of the new environment - to ensure decision makers get the support they need at the right time to make them effective.

magnet, mag'nit, n. many of its consultants are drawn directly from line management.

mission, mish'an, n. to implement recommendations practically; to roll up their sleeves;

to work closely with client staff.

magnitude, mag'm-tud, adj. greatness or importance. — of the first magnitude, Coopers & Lybrand, the leading firm of accountants and management consultants in the UK, has the widest range of services — and the broadest shoulders to help take the weight off yours. Contact Murray MacFarlane, Peter Smith or David Paige on 01-583 5000.

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Friday June 13 1986

South Africa im crisis

slamming the door on the diminishing opportunities to resolve a conflict which threatens to engulf southern Africa. By rejecting the Com-monwealth proposals designed to initiate constitutional talks between black and white he has between black and white he has denied the concerned outside world the chance to play a mediating role. By arresting hundreds of black leaders under vesterday's reimposed emergency laws, he has demonstrated his refusal to tolerate the dwindling number of legitimate representatives of the country's representatives of the country's black majority still at liberty. Mr Botha and his government now stand isolated, at home and abroad, bankrupt of policies other than the iron fist.

The report presented yesterday by the Commonwealth Eminent Persons' Group on the outcome of its mission to South Africa is a damning ver-dict on Mr Botha's efforts to create an equitable society. The reforms that have been initiated, overdue but none the less welcome, have been leading, it seems, not towards a non-racial and representative government. They are little more than an attempt to modernise apartheid and to give it a more human face. In the words of the report, the South African Government is in truth not prepared to aegotiate fundamental change, not to countenance the creation of genuine democratic structures, nor to face the prospect of the end of white domina-tion."

Economic measure

Pretoria failed to measure up to every yardstick presented by the group. It found no genuine intention to dismantle apartheid; draconian legislation was being strengthened, not lifted; Mr Nelson Mandela and other political prisoners remain in juil; political freedoms are being further curtailed; and the Government rejected the pro-nosal that violence should be suspended to create a climate in which all-party talks could

Malcolm Fraser and General but concerted of averting what the report by violence.

AS THE South African crisis describes as a "racial conflagration" and major armed conflict spilling beyond South Africa's borders. Such an effort, they said, should be based on fresh economic measures against South Africa, and western leaders should consider actions which range from the psychological, such as the suspension of air links, to embargoes on the import of fruit and vegetables or bulk goods such as

Before new measures are imposed, their impact and practicality must be carefully assessed. Such a study, perhaps co-ordinated by the Commonwealth Secretariat, should go ahead as a matter of urgency, to be completed if possible in time for the meeting of Commonwealth leaders in London in early August, when they will discuss their response they will discuss their response to the report.

The arguments used in support of further measures are nevertheless compelling. As the report points out, it is not sanctions which will destroy the country but the persistence of apartheid and the Government's failure to engage in fundamental political reform.

Concerted action

The Commonwealth Group is convinced that Pretoria fears effective economic measures. If the Government is allowed to believe that, however intransigent its stand or violent its repression of black opposi-tion, the West will not act, the process of change is likely to remain tortuous and equivocal.

There is a further important There is a further important point made by the Group. Well placed to assess black opinion after three visits to South Africa during which they met a wide range of residents. If black South Africans believe the West will never exert sufficient pressure on Pretoria, they will pressure on Pretoria, they will exercise their only option: everincreasing violence.

Obasanjo stressed yesterday, the black government that comes to power under these circumstances will be pro-foundly inimical to the West. This bleak assessment presents the Commonwealth and the West as a whole with a challenge persuasively put forward yesterday by the two co-chairmen of the Group. Mr lapse of apartheid is inevitable, by the two lapse of apartheid action by the action Olusegun Obasanjo. Concerted West may yet keep alive the international effort, they main- hope that white rule may be tained, offered the only chance ended by negotiation and not

Sitting tight

THE BRITISH Government's marching season in Ulster when decision to dissolve the Nor-British initiatives are unwise, thern Ireland Assembly, form-British policy therefore must be ally announced in the House of and almost certainly will be, to Commons yesterday, can have sit it out until the autumn when surprised no-one. When the there might be some chance assembly was set up four years that talks can be revived with ago it was more in the hope than the expectation that it would provide a forum for the devolution of power to the province. It also played a role in monitoring Ulster's affairs in At present, they have almost the security, economic, social no say in Ulster's affairs. The the security, economic, social and cultural fields. However imperfect, it was a body which reflected at least some Ulster

Yet the assembly was marred the mainly Catholic Social and Democratic Labour Party to participate. The SDLP conparticipate. The SULF con-tested the initial elections, but declined to take up its seats. Hopes that it would change its mind were never fulfilled.

Following the Anglo-Irish agreement last November, the Unionist members gave up their Unionist members gar-original functions. The assembly became a forum for attacking the agreement and attacking the agreement and ann-sectarian Alliance the non-sectarian Alliance Party walked out. Dissolution Party Walken out. Dissoution became inevitable after the Unionist leaders refused to talk to Mr Tom King, the Northern Ireland Secretary, about the assembly's role.

The timing was determined by the new elections waich were due by October 20. There would have been no point in holding them in the present climate. Nor is there any reason why the British Government should go on funding a body so bent on rejecting every British initiative.

Marching season

It is, however, dissolution not future, but if the people of Ulster are ever to agree to talk to each other acros the religious divide, they will need some forum in which to do so.

For the present it is the continuation of direct rule, and always known that the Anglo-direct rule without the local Irish agreement would be a input that the assembly when it was at least partially working, haul, Besides, there remains no could provide. It is also the agreed alternative,

sit it out until the autumn when

The omens are not good, but the prospects are even worse when looked at from the point of view of the Unionist leaders. Official Unionists are leaning towards integration with the mainland, but it is being made clear to them that it is not on. Northern Ireland is too different from Britain. All the Unionists, bar Mr Enoch Powell, tend to boycott the House of Commons, and therefore deprive themselves of the opportunity of influencing Ulster policy from Westminster.

Long haul

Britain's Ulster policy-making has become the Irish Republic. The Anglo-Irish agreement survives intact and is unlikely to be lightly thrown away. The cross party consensus supporting the agreement is still in force, as was illustrated by the response to Mr King's statement about the assembly yesterday. The agreement has already produced some gains in improving security.

abolition. The statutory power acknowledging that the to reconvene the assembly with fresh elections remains. That is also a suggestion in Mr King's unlikely to happen in the near statement that Ulster business

SOUTH AFRICA

Mr Botha turns up the heat

By Anthony Robinson in Johannesburg

66T3 LAWRENCE there? No he was taken by the system at two o'clock this morning." My telephone call early yesterday morning to Lawrence Ntlokoa, chairman of the Kasigo Residents Organisa-tion, was the first inkling of a massive police swoop on black community leaders, trade union-ists, churchmen and leaders of anti-apartheid organisations like the United Democratic Front the United Democratic Front and the black consciousness Azapo movement. Mr Ntlokoa is the man who brought a civil case, still being heard, against Mr Louis Le Grange, Minister of Law and Order over alleged of Law and Order over alleged unlawful police action. By noon the Ministry of Information had announced that President P. W. Botha had declared a state of emergency from midnight on Wednesday, four days before the tenth anniversary of the 1976 Soweto rising. South Africa thus entered its gravest crisis against the hackground crisis against the background of a week's near panic on the foreign exchange market and the risk of descent into a siege

economy.
The Afrikaner - dominated South African state, which throughout 21 months of violent unrest in black townships has warned that it has used only a fraction of the power in its hands, now seems determined to

use that power fully.

Those within the security establishment who have argued for massive repression at one. go rather than the current policy under which nearly 2,000 blacks have died in the last 21 months, appear to have won the

What stayed the government's band until now was both ex-ternal pressures—the threat of sanctions and the Commonwealth Eminent Persons Group —and a diminishing hope that and a diminishing nope that the combination of reform and force, including the seven-month partial state of emer-gency, would see a gradual end to violence.
Instead the violence has

spread from the townships to rural areas and the homelands. Black leaders have become in-creasingly self-confident against the backdrop of rising militancy among right wing whites, in-cluding those in the police and army.
These factors have led to a

radical shift in emphasis back to the laager mentality On May 15, only two days after the Eminent Persons Group (EPC) arrived on its As Mr Fraser and General second mission to seek negotia-tions between the government and the banned African National Congress (ANC) and other black groups, President Botha publicly castigated the "unsolicited interference country. He also warned that country out of the "nobody must underestimate our determination to maintain law and order. . . People who perpetrate violence must take note that they will inevitably face the full power of the state which has not nearly been applied to the full."

Four days later the South African military launched raids against alleged ANC facilities in Botswana, Zambia and Zim-



babwe. The same evening the EPG returned to London to pre-pare a report, issued earlier this week, highly critical of the South African government's

But if President Botha thought that torpedoing the EPG and attacking neighbouring countries would appease right wing Afrikaners and rally white support he was disabused three days later when Market States when Market Ma white support he was disabused three days later when Mr Eugene Terre Blanche, leader of the right wing, para-military Afrikaaner Weerstandsbeweging (AWB) prevented Mr Pik Botha, the Foreign Miaister, from addressing a meeting in Pietersburg, Northern Transvaal. Ominously the police, angry and frustrated after seemingly fruitless efforts to contain unrest, ostentatiously failed to prevent disruption to the National Party rally. This added credence to the AWB's claims that many, if not most of the police, sympathised with it.

Meanwhile, the daily toll of death, fire-bombing and violence has continued unabated. Less than 15 kms from parliament itself three weeks of factional fighting in the Crossroads squatter camp has killed nearly 60 people and left 80,000 homeless amid accumulating evidless amid accumulating evidence of direct police support for one of the factions involved. To cap it all, the US Congress has just approved its toughestever package of economic sanctions and the EPG has left little doubt that the Common wealth will shortly be asked to do likewise.

Twenty-five years after Dr Hendrik Vervoerd Commonwealth, South Africa thus finds itself isolated as never before. Even so the authorities might still have kept their nerve had this combination of factors not coincided with the imminence of the most emotive date in contemporary South African history—the 10th anniversary on Monday, June 16 of the 1967 Soweto uprising.
Rightly or wrongly the

government, and above all the force by presidential decree. security forces, appear to have convinced themselves that June convinced themselves that June 16 has been set as a date for a co-ordinated, nationwide attack by black radicals on the whole system of white domination. Last week Mr Louis Le Grange, the tough and controversial minister of law and order, banned all meetings to commemorate June 16 and June 26, anniversary of the publication of the "freedom charter" in anniversary or the publication of the "freedom charter" in 1955. The charter, which calls for a non-racial democratic South Africa and the nationalisation of mines, banks and major industries, is the bible of most black opposition groups. But the government's attempt to pass draconian amendments to the existing internal security and public safety acts has been blocked by the coloured and Indian houses of the tri-cameral parliament. These amendments

would have permited Mr Le Grange to declare any part of the country an unrest area, detain people without trial for up to 180 days without recourse to the courts, provide a blanket indemnity for the police and give him wide powers to control the media. Imposition of a state of

emergency over the whole country gives the security forces the virtually unlimited powers they have been seeking before June 16. It is likely to be removed once the government's amendments have been put into

1-0 Rand per ECU

RAND

1.5 Rand per\$

To this extent the government has been forced against its will to introduce a full state of emergency, in the knowledge of what happened to South Africa's external image and forcein investors' confidence the foreign investors' confidence the last time the emergency was declared on July 21, 1985. Five weeks later the government was obliged to close the foreign exchange markets and the Johannesburg stock exchange, declare a partial moratorium on capital repayments covering \$14bn of the country's then foreign debt of \$24bn and re-introduce the two-tier rand.

There is not likely to be a repeat performance, mainly because the restrictions intro-duced in the September debt moratorium package, and subse-quent tightening up of exchange control regulations, mean that barriers are already in place to prevent a capital outflow. Dr Gerhard De Kock, in Switzer-

land for a meeting of the Bank of International Settlement this week indicated that the authorities had no intention of introducing any further exchange controls. This position has certainly been taken at face value by exchange dealers in Johannesburg who pointed out that the Reserve Bank simply does not have the reserves to mount an artificial defence of mount an artificial defence of the currency and is prepared to let the rate take the strain.

"The depressed rand is the best of intention of intention of an intention, whose leading proponent is Mr Fred du Plessis, head of the large Saulam Group, are still in a minority. But much of business and finance, especially companies which unlike Saulam rely heavily upon foreign trade, ties had no intention of intro-

deterrent to capital flight and besides, by now we have got used to living in a state of turmoil," said one exchange dealer for a major foreign bank

The depressed rand will once again work through into higher rand profits for gold producers and other mineral exporters as well as keeping imports de-pressed. But its inflationary effects on an economy already suffering from 18.6 per cent retail price inflation (April) and five years of depressed investment, will only add to the troubles of a minister of finance stuck with an economy which stubbornly refuses to lift itself

out of recession.

With most major non-mining sectors deeply depressed the Government is believed to be on the point of introducing a stimulatory package, possibly on June 16 itself. But as sanctions pressures rise inexorably in the wake of the latest emer-gency measures, the Government is facing strong demands, particularly . from powerful sectors of Afrikaner business and finance who argue that the

let the rate take the strain.

"The depressed rand is the best rely heavily upon foreign trade, fear the Government's slide into isolated authoritarianism will inevitably hasten the arrival of siege conditions. Many leading industrial groups, like Anglo American Corporation and the Premier Group—whose chairmen were in the delegation which held talks with the ANC in Lusaka last year — have already declared June 16 a holiday and have pleaded with the Government to take a less con-frontational approach. They

rallies were held throughout the country. The police kept a low profile. There were no deaths and precious few arrests. Next day the country returned

to work as normal. The Government, as so often in the past, appears to have ignored the pleas of the business community. Instead it has succumbed to the temptation to succumbed to the temptation to use June 16 as an opportunity to decapitate the widest range of black organisations and give the police virtually limitless powers. The Press will also face additional traditions in its powers. The Press will also face additional restrictions in its coverage of developments in black areas. The danger, as Mrs. Helen Suzman, the opposition Progressive Federal Party (PFP) spokesman on law and order pointed out, is that by arresting black leaders the Government could face a more chaotic situation in black areas leading to even greater blood-shed.

In its defence the Government argues that order is essen-tial if it is to carry on with its Apartheid reform policies which include the scrapping of influx control and the pass laws. property and business rights for blacks and other measures designed to make Apartheid less offensive. It also says it wants to share political power with blacks and is prepared to nego-liste with the ANC, provided it

renounces violence first. In 1976 the Soweto rising spread around the country before resistence eventually subsided 18 months and 700 deaths later. But in the intervening ten years the ratio between whites and blacks and the balance of power has changed significantly. The fact that the current unrest has lasted for 21 months with no sign of diminishing is not merely a result of what the authorities see as their relative "restraint." It also reflects the emergence of powerful black trade unions, a nationwide net-work of black community associations, often linked to the Democratic Front (UDF), and strong moral and material support from the churches, many whites—and the international community.

Reform at the government's pace is no longer acceptable to the majority of blacks who are increasingly active in organisa-tions whose main aim, like that of the Solidarity movement in Poland, is to circumvent and ignore the authority of what is a way in their eyes an illegitimate and repressive government. The past two years have seen the emergence of black alternative organisations in the townships... also waged war on the symbols ships—including black police men, councillors and suspected informers

This is the challenge to the government's authority which the security forces now appear to have been given carte blanche to smash. If they succeed the point to the experience of May long term price in racial bitterDay, six weeks ago, when nearly 2m black workers staged the biggest "work stayaway" in South African history. Mass

in Ulster

the Unionist parties.

At the same time, the only outside channel of pressure on

Among the more encouraging signs, the Churches in Northern Ireland are urging a resumption of talks and Mr John Hume, the SDLP leader, was notably conciliatory when he repeated his offer of direct discussions with the Unionist leaders after might be given more time, and less of it at impossible hours, in Westminster, if only the Unionist MPs would resume

their seats. It is not much, but it was long haul. This is part of the

Asia's lending hand

Masao Fujioka's reserve and innate conservatism—qualities usually appreciated among bankers—have got him into trouble recently. Which is why the Japanese president of the Asian Development Bank

appeared on the defensive when addressing a gathering of his peers in Loudon yesterday. Fujioka, recently elected for a second term, has been under attack from two quarters. The US, the bank's second biggest shareholder, has been unhappy with his reluctance to adopt with his rejudance to adopt more market-orientated policies, especially lending to the private sector. Third World countries, such as India, meanwhile, blame his prudence for a significant slowdown in the bank's lending

activities.

The urbane Fujioka seems to be taking it all in his stride. He insisted yesterday that the ADB's primary responsibility was to ensure that the bank adhered to sound financial poli-

The former Japanese civil servant conceded that his dif-



"Don't worry—the aircraft are American, the livery's American, with luck the engines will be—only the name's British, sir"

Men and Matters

ferences with the US were fundamental. Joe O. Rogers, the Reagan Administration's man at the ADB's Manila headquarters, and the bank's newes director, has been unashamedly pushing for development of the

private sector. Fujioka has fashioned a compromise by making some funds available to the private sector but insisting firmly that "we do not pursue privatisation as

an ideology."

He blames the ADB lending slowdown partly on the drop in economic activity in Asia. "Although Asia will remain an area of higher economic growth than anywhere else," he says, "the days of double digit expansion are gone. We shall witness a steady but slower expansion over the next decade" expansion decade."

Space salesman

Jean Sollier, the veteran French aerospace engineer, who has taken over as chairman of the Societe Europeenne de Propul-sion rocket engine company, promises to bring a hardheaded approach to firing objects into space—big business

Sollier has moved into the chairman's seat vacated explosively a fortnight ago by Roger Lesgards.

Lesgards, nominated by the previous socialist government, brought a dash of colour into the company which makes engines for the European Ariane rocket. But according to Snecma, the state-owned aero engine group, which owns 50 per cent of SEP, he failed to apply sufficient zeal to convert SEP into a fully-fledged industrial group.

Possible shortcomings in SEP's industrial organisation

were underlined by failure in the third stage engine which resulted in Ariane's latest crash two weeks ago. To underline that Snecma is bringing SEP firmly under its wing, Sollier will keep his posi-

tion as assistant managing director at the aero-engine group, while guiding SEP into

JJASONDJEMANJ 1985 1986

new orbits. Sollier, aged 53, has had long experience of trouble-shooting missions in 24 years with Sneema. His strong links with Britain go back to Snecma's collaboration with Rolls-Royce over Concorde. He recalls with good humour some of his earlier visits to the Rolls he in Derby where his anxiousto-please hosts diverted him with guided tours of the Peak District countryside when he would have preferred to get down to talking engines.

Rover's return

Graham Day has decided he would prefer to be chairman and chief executive of the Rover Group than of the anonymous-sounding BL.

Apart from restoring to prominence the most historic name in British motoring, it is

just one more indication that he intends to practice a highly personal management style now that he has begun to settle in with the state-owned motors group after six weeks.

Day intends to reverse completely the process attempted by Sir Michael Edwardes back

Edwardes, executive chairman at that time, decided that the holding company shor.'d become as invisible as possible, leaving all publicity to the operating subsidiaries such as Leyland Trucks, Austin Rover and Land Rover.

His scheme never really worked because the holding company remained so much in the public eye. It was, of course, responsible for relationships—sometimes strained with government, and with the large body of small share-bolders who remain on the register to keep the stock ex-change quotation alive (and can be vociferous at annual meetings).

Only pedantic people like Financial Times writers ever bothered to use the BL appendage. To the rest of the world the group has been British Leyland, or simply Leyland. So one more name change is not likely to cause more con-fusion. Since Austin and Morris merged in 1952 to form British Motor Corporation the group (often as a result of further acquisitions) has been British Motor Holdings (1966), British Levland Wotor Corporation (1967). British Leyland (1975), and then BL (1978).

JJASON DJEMA MJ.

and then BL (1978).
Rover might be considered an apt choice because it is the lodest name owned by the group. It dates back to 1888, and was first used on a tricycle produced by John Kemp Starley and William Sutton, who set up and William Sutton. Who set up in business in Coventry 11 years earlier. They first used the badge on a car—an 8-horse power model—in 1904. It was successful enough for them to change the name of their company to Rover in 1906.

in due course

As any benefit claimant will testify, telephoning offices of the Department of Health and Social Security can require considerable reserves of patience and good humour.

and good humour.

Pity, though, the plight of private hospital manager David Hall, who rang the London number given by the DHSS for obtaining forms for notifying the Secretary of State of "notifiable works and changes" as required by the Health Services Act 1980.
On being connected, he was told: "Sorry, but the person who deals with that is on a

course—for a year."
Hall, of the Holly House hospital in Buckhurst Hill, Essex writes in this week's issue of Health Service Journal: "Had it not been for the political leaning of the present govern-ment. I might have been tempted to think this was a new means of controlling growth and expansion in the private hospital sector.

"As it is, I can but hope that

the person's course is nearer its end than its beginning."

Observer



Entente cordiale

Time. Free Trans

DR DAVID OWEN really has stuck out his neck this time. The argument within the British Liberal-Social Democratic Party Alience is only partly about defence. It is also about the future of the Alience, how it should be run, how lar the Social Democratic should. the Social Democrats should preserve a separate identity, and about the future of Dr Owen

as a political leader. Dr Owen knew all that when be made his speech in Bonn last week insisting on the need for Britain to maintain nuclear weapons in virtually all fore-seeable circumstances. The SDP leader was seeking to preempt the report of the Joint Alliance Commission on Defence and Disarmament published on Wednesday.

The contrast between Dr Owen's speech — incidentally, one of the best he has made —and the Commission's report is all about politics, and only secondarily a study in defence. Defence always was a sub-

perence always was a sub-pert that could perentially divide the Alliance, especially given the strong unilateralist, anti-nuclear learnings of sections of the Liberal Party. Thus the Joint Commission was set up in 1984 under the chairmanship of Mr Joint Edmonds, a former Foreign Office expert on arms control, in order to make recommendations that could be put in the autumn of this year.

It has produced a responsible, serious, sober document Liberal MPs such as Mr Paddy Asidown, who used to be regarded as rather a wild man, do not take it amiss when it is pointed out that as well a rectilize document. that a very similar document could have been produced by (asy) the Royal Institute of International Affairs (Chatham House) or even the Foreign Office within a few days. That, they say, is its merit. The Commission set out to remove the emotion from defence argument: the gungho-ism on the Toxy right and the unilateralism

The report's other merit is entirely political. It represents a compromise that most leading members of the Alliance can happily live with and can put to their party conferences with a reasonable expectation of

It is very strong on arms control. All the measures that have ever been discussed in defence circles over the past 20 years or so are there: a more determined environment to the determined approach to the talks on mutually balanced force reductions in Vienna, more muscle to the Conference on Disarmament in Europe in Stockholm, another go at seour except in the light of: ing a comprehensive test ban The progress of arms control treaty, and a plea for a liattle and disarmament; field nuclear-weapon-free zone in central Europe. **POLITICS TODAY**

Dr Owen writes his own manifesto

By Malcolm Rutherford

some of the members of the Commission say may have to go up. It is loyal to the Atlantic up. It is loyal to the Atlantic Alliance and wants to develop a stronger European pillar to ensure a better halance between Europe and the US. It says quite plainly: "There is no hiding place for a middle-sized power-like Britain from the problems of the world around us."

There is nothing in that suministy of recommendations to which Dr Owen could reasonably object: nor the present

ably object; nor the present Government either, come 1

Government either, come to that.

It is only when it comes to the successor to Poteris that trouble breaks out or, to put it another way, it was here that the Commission thought that the trouble could be contained by agreeing to postpone the decision to another day. Dr Owen threw down the gauntlet when he made his speech in Bonn.

its life around the mid-1990s The Conservative Government has already contracted to succeed it with the Trident system under which the missiles are bought from the Americans. All the other political parties

all the other pointest parties are signified this replacement. The Labour Party would cancel Trident outright and probably end Britain's rele as a nuclear power. The report of the Alliance commission also recommends Trident's cancellation. tion. The commission accepts, however, that Polaris should be kept in the meantime and leaves open whether there should be a michaer successor.

Paragraph 67 says in part: "We believe that the Polaris submarines should be main-tained in service as a European contribution to deterrence for the next decade—well beyond the life of the next Parliament

placed now. Paragraph 68 goes on: "No decision on whether and, if so, how British nuclear weapons should be maintained beyond



technical alternatives which might be available to maintain a European minimum determay be rash to cancel Trident without having much of an idea of what can be put in its place. The Commission says that nuclear expabilities are required for European defence. Trident is too expensive. According to the latest Defence white Paper, it will absorb naragraphs were meant to represent the control of the defence badget or 6 per cent of the rent;

The views of our European allies on whether new British nuclear espablities are required for European defence."

It is clear that filose two paragraphs were meant to represent the compromise between the Alliance partners, and the sop to Dr Owen who is keener than most of his colleagues on maintaining British nuclear forces indefinitely.

The compromise can also be quite reasonably defended on the grounds that circumstances change and there is no need for

the grounds that circumstances change and there is no need for an opposition party to make a commitment now on a subject that may only arise several

budget or 6 per cent of the equipment budget over the period of procurement. It is very difficult to be sure that that is unnecessarily expensive without having some alternative system to measure it against, and as yet the alternative does not exist.

not exist.

The Commission also argues that Trident is too powerful for British or European requirements. Certainly it is much more powerful and probably

more accurate than Polaris. Yet the fact is that it is the system that is available. If it is a deterrent and not to be used, the degree of potential overkill is intelerant.

he any case, the Commission has no great need to make the argument so far as Dr Owen is concerned, for he himself appears to have no particular commitment to Trident. He said in Bonn: "The British contribution to strengthening the Euro-pean piller to Nato ... must also include for the present main-taining a minimum nuclear determent. It does not need to be of the super sophistication of Trident"

Times Dr Owen could per-fectly well have warmly en-dorsed the Commission's finddoised the Commission's find-ings if he had wanted to and, to be abcurate, he has certainly not rejected them. What he has done is to try to put his own personal stamp on them: to seek to ensure that there is no whittling away of the Commis-sion's recommendation to con-side a replacement for Polaris by means of postponing the means of postponing the cision, and to place on record his own commitment to Britain

It was a political action that takes account of the possibility that the SDP might want to keep its separate identity rather than merge with the Liberals after the general election.

Yet the trouble is that if one person seeks to place his own interpretation on a report, others may do the same. The autumn conferences of the Liberals and the SDP could now be much more difficult. Whereas the Commission's recommenda-tions might have been approved by both parties in a spirit of compromise, there could now be all sosts of amendments making it unclear what the Alliance

defence policy is.

The anti-nuclear wing of the The and-nuclear wing of the Liberal Party is already step-ping up its campaign. There are also signs of protest within the SDP. Mrs Shirley Williams and Mr William Rodgers, two of the founding members, have been critical of the way Dr Owen has handled the matter. A compromise was there and could have been lived with. Dr Owen appeared to suiff at it. sopeared to sniff at it.
Such potential splits are a.

gift for the other parties. The Conservative Central Office is putting out literature nearly every day aiming at showing that the Alliance is divided. Mr David Steel, the Liberal leader, is aware of the problems. "I don't think that we could go into an election with one set of candidates saying one thing and another set saying the other," he said on television on Sunday. "It lan't the end of the world if that happens. But in my view it's pretty close to it."

Can the situation be re-trieved? The answer is pos-sibly yes. There is, after all, no disgrace in having disagree-ments on such a fundamental matter as nuclear defence. And there was a great deal else in Dr Owen's Bonn speech that was entirely compatible with the recommendations of the

The European dimension The European dimension is the striking example. This is an old idea, as much associated with Mr Edward Heath, the former Tery leader, as anyone. It is that Britain, France and West Germany should get together to co-ordinate their defence policies. It has never fully taken off in the past, but it is more relevant than ever today. today. Britain and France, as the

two European nuclear powers, and West Germany as the European country with the most effective conventional forces could find that they have other. It would not be an anti-American act, but it might present the Americans with a single European voice.

The point about British nuclear weapons is that they are there because they are there—for historical reasons. there—for historical reasons.
The question at issue, as the
Defence White Paper
emphasised last year. "is not
whether this country should
become a nuclear power: it is
whether we should give up a
major defence capability and
role that we already possess." One could go further: since we have them, how should we use them diplomatically? One answer is to explore yet again the possibility of nuclear cooperation with France based on a product the could be successed.

an understanding with Germany. That is what Dr Owen is getting at, and so, in its less ambitious way, is the commission's report.

Yet the Alliance will have to move fast if it can agree on such a course. It is not beyond the wit of the present Government. the wit of the present Govern-ment to lean in the same direction and it is striking that the British Labour Party now has quite close contacts on defence with the West German Social Democrats.

When the history of Mrs. Thatcher's premiership is written, it will be recorded that in the period all the British

in the period all the British parties became more European. Who will lead the race?

Lombard

The Birkbeck controversy

By Michael Prowse

in Parliament. The story-line is simple and calculated to appeal to the British sense of fair play. Faceless bureaucrats at the powerful University Grants Committee have re-calculated the way they fund part-time further education. Result: a small college in Bloomsbury which specialises in the teaching of mature students faces fin-ancial ruin.

Like David, however,

academics at Birkbeck College, which is part of the University which is part of the University of Loudon, are proving pretty adept with a sling. Professor Roderick Floud, head of the college's History Department, who has emerged as chief spokesman during the crisis, is firing off pebbles with such ferocity that somebody at the UGC looks bound to get hurt. It is well known that bureaucratic organisations can make extraordinarily silly mistakes. extraordinarily silly mistakes. This week, with its ham-fisted attempt to restructure the fund-ing of part-time students, the UGC seems to have qualified for the dunce's hat, with first

class honours.

Hitherto, the funding of parttime students has been something of a mystery. The problem
is how to value them relative to
full-time students; different
ratios have been applied in
different universities.

ratios have been applied in different universities.

The UGC now argues that it would be "fairer to all' if the same ratio were applied everywhere. The new ratio is to be 0.5: in other words, part-time students are to be treated as though they cost exactly half as much to educate as full-time students. In the past, each Birkbeck undergraduate has been treated as equivalent to 0.8 of a beck undergraduate has been treated as equivalent to 0.8 of a full-time student. If implemented, the change would mean a cut of more than 30 per cent in Birkbeck's total income.

The idea that part-time students at different institutions should be funded on a uniform basis makes little sense. In most universities, part-timers are a small and unimportant minority riding on the back of the full-time student population; the academic staff and equipment used in their education are

IF YOU are not yet fully con-versant with the Birkbeck con-tiversant with the Birkbeck con-tiversant with the Birkbeck con-tiversant with the Birkbeck con-timers. Birkbeck is quite differ-torers, you soon will be. It ent: it is unique in that it con-centrates exclusively on teach-ing part-timers. All undergradu-media attention and questions in Part the property of the full-timers. Birkbeck is quite differ-tentially and the property of the full-timers. Birkbeck is quite differ-tentially and the property of the full-timers. Birkbeck is quite differ-tentially and the property of the full-timers. Birkbeck is quite differ-tentially and the property of the full-timers. Birkbeck is quite differ-tentially and the property of the full-timers. Birkbeck is quite differ-tentially and the property of the full-timers. All undergradu-ate lectures, for example, and the property of the full-timers. ate lectures, for example, take place between 6 pm and 9 pm, because most of the students have full-time jobs in the day-

In treating a Birkbeck student as equivalent to half an ordinary student, the UGC is displaying a remarkably poor grasp of arithmetic. A Birkbeck degree course lasts four years instead of the normal three. Over a complete degree course therefore, the UGC is proposing to give full-time students 50 per cent more cash than Birkbeck part-timers (3×1 funding units as opposed to 4×1).

This latest squeeze on Birkbeck comes on top of the pres-sures faced by all universities as a result of the 15 per cent cut in real resources impos by the Thatcher Government since 1981. If the Birkbeck approach to further education were in some way inferior or defective, the proposed 30 per cent cut might make sense. But it is not. Indeed, if anything, Britain needs a bigger rather than a smaller Birkbeck It provides an exceptionally economic form of education because its students, working in the day-time, are contributing to GDP while they study. They are also highly motivated: they have to pay (up to £500 a year in fees) to attend lectures at a time when more privileged full-time students are in college

sensible attitude towards further education it would not be sitting on its hands and saying that the UGC can wield its axe in what ever crazy way it chooses, but thinking of ways of encouraging people to take advantage of this most cost-effective form of study. It ought to take steps to remove the many blases against part-time students. It is inequitable, for example, that Birkbeck students should have to pay fees when ordinary students not only have their fees paid by local authorities, but also get a grant to cover their living expenses.

The wrong priority

From the Group Economic Adviser, Midland Bank Sir,—The Prime Minister wants to be able to let the exchange rate take the strain when there is speculation against sterling (June 11). But if industry and the unions know that the exchange rate will take the strain, how can they be expected to bring down the level of wage settlements?
Which should have priority—
flexibility for the Government nextbility for the covernment in the run-up to an election or creating conditions likely to reduce wage inflation? By choosing the former, by staying outside the EMS framework, the country without a firm monetary standard and jeo-pardising the goal of low

Andrew Bain. Poultry, EC2. Why shipbuilding is a disaster area

From Prof. M. B. Abbott

inflation.

Sir,—What is it about ship-building that makes it such a disaster area? The article by Correlli Barnett (May 28) and subsequent correspondence in your columns cause me to write as a participant in the Esprit project: "Shipboard installation of knowledge-based systems." It is already clear from work on this project that substantial savings can be achieved in ship operations, both on direct run-ning costs and service reliability, ning costs and service rehability, through providing on-board expertise supported, via advanced communication links, by shore-based expertise. Whether it be through providing improved routeings taking account of adverse sea conditions, or through reducing reaction times to accidents, new levels of ship efficiency are attainable. What ciency are attainable. What surprises me, however, is that so little has actually been done, rather than talked about, it this direction, even though the opportunities have been staring the shipbuilders and ship operators in the face for a detade. Moreover, this neglect of oppor-

Looking at this matter more generally, it seems that there has been a remarkable lack of innovation of the product itself. Whereas manufacturers have come up with new aircraft, the superior qualities of which cause airlines to replace otherwise still adequate equipment, while car manufacturers have demonstrated similar innovative abilities, shipbuilders as a whole have not provided strong incentives to replacement. In the same vein, the ship operators, even while they complain about the predations of flags of convenience, have not provided the equipment and The Chancellor's aim should drives in this market. But it 15, Dovercourt Avenue, training that would increase be to raise revenue in ways is certainly no sign of extreme Thornton, Heath, Surrey.

tunity is not restricted to just one shipbuilding nation, but seems to have afflicted all.

Letters to the Editor

ficiency and balance out their higher crew costs.
Two closely inter-related fac tors help to explain this insufficient level of innovation. The one is that most ships and most ship operations are at least as complex as those of an airliner. The other is that the proportion of turnover devoted to research and development by ship-bhilders has traditionally been considerably lower than that accepted in the aerospace in-

histry. Quite simply, there has been a mismatch between the com-plexity of the product and the means finde available for its innovation. Investment has been concentrated on building and operating much the same ships cheaper than competitors rather than on ships that are decisively superior to those of competitors. It is striking that, in the area of warship building in which the above two factors are rather better matched, European yards still hold a dominant position. The problem teally appears to be one of industry structure, in the widest sense. Michael Abbott,

Howenstraat 61, The Hague.

Eliminating the tax on jobs From Mr H. Law

Sir,—Andrew Smith rightly draws attention to the link between unemployment and high labour costs in the UK (Letters, June 4).

If is, however, important to distinguish between real wages. (i.e., take-home pay) and gross labour costs. By the standards labour costs. By the standards of the developed world, real wages in Britain are not particularly high. Gross labour costs are another matter altogether, for, on average, they exceed net pay by over 55 per cent. The difference is accounted for by "simplöyer's" and "employee's" National Insurance contributions (NICs) and "employee's" PAYE income and "employee's" PAVE income tax. Despite appearances, all of these are, in reality, paid by the employer and are a claim on the wealth created by the business chterprise. This is the notorious

"tax on jobs."
In view of the existence of what is, in effect, a massive pay-roll tax, wage restraint could be expected to have only a manbe expected to have only a mar-ginal impact on the problem of Britain's high labour costs and consequent uncompetitive posi-The fact that innovative consequent uncompetitive posi-tion. Nothing short of radical tax reform would effect a cure. We must acknowledge that the principal result of attempts at taxing wages is to push up labour costs and cause unemployment.

The Chancellor's aim should

which do not discriminate ecessary here to go back to

All taxation is a claim on All taxation is a claim on current production. There are three factors of production, labour, capital and land, the corresponding returns due to each being, respectively, wages, interest and "rent." The term "rent." Is here used in the special sense as defined by David Ricardo, meaning the rental value of land. Taxes are this a claim either on wages. hus a claim either on wages, interest or rent.

interest or rent.

Of these three possibilities, we know only noo well that taxes on wages will lead to less employment. Likewise, taxes on interest cause the dissipation of capital. The only remaining possibility it to tax the rental value of land. One of the few things that economists agree upon is that taxes on the value of land cannot be passed on as a consequence, individuals their liability to such a tax by holding no more land than they need.

a tax by holding no more land than they need.

Theoretically, the result of a switch from taxes on labour and capital to a tax on land values would be an efficient land market and the elimination of taxes which discourage enterprise and employment. Isn't it time that we took the idea aeriously?

Henry Law, 19 Queen's Gardens, Brighton. Not all the boats have sailed

From Mr R. Findley Sir,—The tone of Peter Marsh's article (June 9) on lost opportunities for UK CAD/CAM companies is unfortunate. In suggesting that we have missed the boat it fails to convey the continuing oppor-

to convey the commung oppor-timities which exist in com-puterised technology.

It is naive (and unhelpful) to pretend that five years ago Britain could have created "a world class" industry. The real financial muscle in CAD/CAM is already firmly in the hands of US hardware companies. of US hardware companies, Most of these have recently been investing large sums in creating software resources to

British computer software companies have been purchased by US concerns may indicate entrepreneurial weakness among the handful of large UK technology companies which could have launched major investment drives in this market. But it 15, Dovercourt Avenu

protect and grow their hard-wars sales into the 1990s. It

myopia " among the Cambridge myona, among the Cambridge "start up" businesses, which would have been extremely foolish to attempt to penetrate the US market on their own. Those of your readers who Mr Marsh's analysis has left regretting the loss of a "golden

eppertunity," can still catch other boats. British industry is high in the world league of using computers to improve manufacturing operations, as my own company a researchers (and your writers) have often reported.
A substantial market oppor

A sunstantial market oppor-tunity, well suited to British capabilities, is just beginning to emerge in the area of engineering software, as dis-tinct from computer systems. The move toward integration of computers with production of computers with production machinery is creating a so-far-unfilled international demand for engineering systems capa-bility—the software that will make flexible manufacturing live up to its promise.

The CIM/Manutech 86 exhibit

tions, at Olympia, London, from June 17-20, will show this market opportunity clearly, in-cluding the European debut of General Motors' much-publicised Manufacturing Automation Pro-

Manufacturing Automation Pro-tocol (MAP).

That event is also the launch pad next Thursday for British Manufacturing Techno-logy Week in June 1987, dedi-cated specifically to highlight-ing the good news about our international competitiveness. I hope that Peter Marsh will come along and talk to some of the companies that are win-ning in this market and then report again to your readers. Bob Findlay. Franks Hall, Horton Kirby,

Different skills. different roles

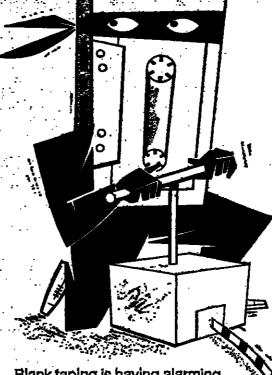
From Mr L. Herbertson From Mr I. Herbertson

Sir, — Professor Meane's
points about profit - sharing
schemes (Editorial, June 3)
seem very sensible. However,
those of Mr Roy Hattersley in
the same edition are less
persuasive. Mr Hattersley's
suggestion that all employees
should share in the "strategic
decision" process simply general
the point that different people
have different skills and have different skills and accordingly different roles within an enterprise.

workforce contributes certain skills towards producing whatever is to be produced (goods or services) and should have rewards (pay or profit share) related to the skills for which it is employed. Equally management ought to b rewarded in a way related to its skills which should be, at least, in planning and organising (if they are not, then perhaps those involved should not be management).

Much more attention abould

be given to paying people for being good at what they do. Ian Herbertson



BEWARE THE BLANK TAPE TIME BOMB, **EUROPE MUST SAY** *"YES" TO THE LEVY*

Blank taping is having alarming effects on Europe's jobs, culture and exports. It's hardly surprising when you look at the facts. Recorded music sales plummetted a third in Common Market countries between 1978 and 1984 to 347 million units. While blank tape sales leaped to 315 million units in 1984!

In Britain, alone, music industry jobs have plunged by 24% in the last four years.

Of course, there'd be virtually no recorded music to copy at all today if free blank taping had been possible generations ago. It's obvious why. You cannot deprive an industry of essential earnings necessary for the kind of heavy reinvestment which the music industry needs.

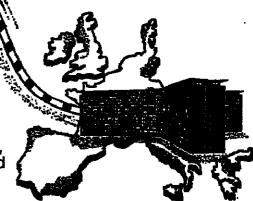
Dare we jeopardise the futures of European musicians who follow in the footsteps of Beethoven, Mozart, McCartney, Legrand and Menuhin, by cutting off their rightful earnings? Only 2 in every 100 songwriters and composers earn more than the average European skilled worker. Most earn far, far less.

We don't help ourselves to the creations of people in the car, food or other industries, so why should blank taping be allowed without payment to those who create and record music?

Germany, France and Portugal have already introduced a levy on the sale of blank tapes as a royalty payment for those whose work is copied. Spain, Holland and Britain have expressed support for the principle, and the EEC Commission will shortly publish its proposal on the royalty issue. Left unchecked, the blank tape time bomb looks set to explode with disastrous consequences for

Europeans. Jobs, exports and Europe's very culture will be eroded. It must not happen. Europe must say "YES"

to a levy on the sale of blank tape and recording equipment.



EUROPE MUST SAFEGUARD ITS JOBS, CULTURE & ECONOMY, **SAY "YES" TO THE BLANK TAPE LEVY**

The intercognise in speciated by the indicating organizations representing Europe's performers, numiciam and recording companies: FM (International Federation of Actors). Fill (International Federation of Musicianes) a ntion write to IFPI Secretarist, 54 Regent Street, Landon WTR SPJ, England,

FINANCIAL TIMES

Friday June 13 1986



COMMERCIAL BANK CREDITORS AGREE TO TWO-YEAR LOAN PACKAGE

Poland given \$2bn in debt relief

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

POLAND has reached agreement

official of the Polish foreign trade bank, and a group of top hankers, calls for repayment of 95 per cent of debt falling due in 1986 and 1987 to be deferred for four years.

Poland will pay an interest martion by the Poles of what the banks gin of 1% per cent over Eurocurrence and cannot do." cy rates on the rescheduling. The banks have also agreed to reduce by % per cent to 1% per cent the interest margin on a \$200m revolving credit extended to Poland in 1983.

Details of the agreement are now with its main commercial bank cre-to be put to some 600 creditor banks fresh money loans. ditors on measures that will give it of Poland worldwide in the hope some \$2bn in debt relief over the that the deal can be signed in Au-

The agreement, reached at a Mr Gabriel Eichler, a senior ex-meeting at the headquarters of ecutive of Bank of America, said Creditanstalt-Bankverein in Vienna the talks between Poland and its between Mr Jerzy Malec, a senior bankers had been more amicable than those with some other rescheduling countries. He said they involved "a recognition by the banks that there is a financial and economic problem and a recogni-

> None the less, the accord represents a compromise struck after the banks reduced the amount of the downpayment they were originally seeking from Poland, while the Pol-

ish side dropped its request for

The loans covered by deal are being rescheduled for the second time, having already been restructured in 1981 and 1982, Bankers said it was clear that the maturity on the reschedulings was too short. Since then, other countries have obtained longer-term deals. They said their estimates of the loans falling due in 1986-87 were \$2.1bn, although Mr Malec was earlier quoted as saying that \$1.62bn in loans was affected.

The \$231m debt-service payment missed by Poland this week is to be extended until September, by which time it should have been formally incorporated in the reschedu-

Poland, with total debts of some \$30bn, faces a chronic shortage of foreign exchange, which has been exacerbated by the restrictions on food imports imposed by Western Europe in the aftermath of the Chernobyl nuclear reactor disaster but bankers said they had yet to re ceive from Warsaw detailed estimates of how that would affect its trade results for this year.

The recent decision by the Inter national Monetary Fund (IMF) to admit Poland to membership had little bearing on the rescheduling negotiations. It will probably be the end of the year before Poland starts receiving loans from the IMF and from the World Bank, which it also expects to join.

Sweden may alter capital: gains taxation

By Kevin Done in Stockholm

SWEDEN is expected to introduce a new capital gains taxation system for transactions in shares, bonds and options from the beginning of next year.

The state-appointed committee on capital gains taxation yesterday recommended changes to simplify the present system and make tax lance more difficult.

The committee has proposed abandoning rule that shares must be held for at least two years to benefit from favourable tax treat-

ment.
Under the present system, 100
per cent of the capital gain made on shares held for less than two years is taxed as part of income. After two years, only 40 per cent of the capital gain is liable for taxation.

The committee, headed by Pro-

fessor Bo Sodersten, a Social Democratic member of Parliament, proposes that 50 per cent of all capita gains on shares should be liable to taxation, regardless of how long they have been held. Mr Kjell-Olof Feldt, Finance Min-

ister, said yesterday that the pur-pose of the proposed changes was to make the taxation rules more transparent, which would in itself stimulate business and improve the functioning of the stock market." Calculation of the capital gain that will be the basis of taxation would also be simplified.

"The overall level of taxation of shares would remain unchanged, said Mr Feldt.

The proposals have been favour rably received by the stock market "This would create a far more liquid market and would not lock in share purchases, said one broker in Stockholm. This could compensate for the doubling of the share turn-

The turnover tax is due to be raised from 1 per cent to 2 per cent from July 1 but this has prompted concern that business will be driven abroad, reducing activity in Stock-

Mr Feldt yesterday dismisse such fears. "We were sure that the stock market could take it, which it did." he told an international investors conference. The higher shares turnover tax had been one of the

The Government felt that share owners should submit to the same tightness demanded from wage earners or the coming wage round would risk going out of control, he

Despite plans for a partial liberal-isation of Sweden's foreign-ex-change controls, Mr Feldt ruled out any relaxation of controls on placements in bonds or short-term securities. "I do not want to throw this country into the hands of international speculators," he said. "I have seen too much of irresponsible, irrational capital movements affecting

exchange rates."

Mr Sodersten said the earliest the Government could present a bill to Parliament on the capital gains changes would be November, with the new law taking effect from January L

Mr Shah insisted that Lonrho had no further options on any News-

Apart from Mr Shah, two of the original shareholders have stayed on - British and Commonwealth will put in an extra Clm to bring Trusthouse Forte will no longer

company might decide to keep a small residual stake.

Sir Richard Storey's Portsmouth and Sunderland newspapers, it is believed favoured Lord Rothermere's bid. As part of yesterday's deal, the company has sold its 5 per cent stake in Today. The shares of Scottish Investment Trust have also been bought out.

THE LEX COLUMN

Take slowly with salt

does it make sense to accept. Other-

agement skills of Mr Greg Hutch-

The collapse in the tanker business after the 1973 oil price explosion caused the break-up of Bur-

mah Oil's first attempt at building a

North Sea oil company. Now a fall in oil prices has put paid to the sec-

ond effort. This time around, the

Bank of England has not been

called in Burmah bas been ex-

tremely swift in cutting its losses, particularly since it was only last year that it decided the time had

come to gear up its dwindling E and

140

First the strategy, at Beecham then the new chairman. And only then, a finance director. Beecham under the regency of Lor. Keith has yet to say or do the things that will really convince doubters that the future has been properly secured. To be sure, many of the right things are being said: Beecham is to think more frequently, even consistently, about the overall direction it is taking, it is to sell off some of its less central assets, and it will raise the rate at which it invests in pharmaceutical development. It is still not clear that Beecham has the prescription which can reverse four years of underperformance

The figures for Beecham's traumatic year were, in all conscience reassuring, and not unexpected by readers of the Sunday papers over recent weeks. It is progress for the company to realise that pre-tax profit growth of £314m increase in turnover, and that 0.7 per cent is not the going rate of increase in earnings per share. Last year, no doubt, they would have been presented in a rosier light, as an advance of £25m, spoilt only by the ad-

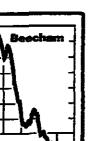
werse impact of currency.

The list of disposals from the fringes of the Beecham portfolio is well-chosen to reinforce the impression that Beecham will in future have its eye glued to the ball: home improvements, a recently acquired cosmetics business in the US, and the Findlater spirits agency are all to go. Although the funds raised are not significant by comparison with Beecham's market capitalisation, it does no harm to demonstrate firmness: if Beecham is truly serious about concentrating its energies, a few other things might yet be put Premier on the market.

What has been achieved, beyond much doubt, is the removal of the sale notice from the group itself, and with it some of the bid premium. If Beecham's earnings now grow at its target rate of 15 per cent, it is likely to be one of the slower growing members of its sec-tor, but at 393p the prospective mul-tiple of about 15 offers no discount.

Tomkins/Pegler

Suppose that you are managing a fund that has been sitting on a tidy parcel of shares in Pegler Hatters-ley. The share price has been going nowhere, like profits, for years. pares to meet its share of the costs securitise its entire property book Suddenly one of the pack of miniconglomerators descends on the field. The buyers of British Gas's Bonds, anyone?



Wytch Farm interest have been innovative in their methods of meet ing the problem. Goal squeezed in an emergency rights issue just be fore that window clased, in London for the independent oil sector.

Clyde had recourse to the possibit less cynical Australian market Car. less revealed on Wednesday that it less revealed on wennesday that it had found an investment trust in liquidate. That leaves only Tricentry of the fearless five. That company has already seen one refinancing attempt dissolve, but then its problems are not limited to Dorset.

Billingsgate

Somehow, it just had to be the arch-trader Mr Ephraim Marguiles fold, making a bid that propels Pegwho chose the creation of a new ler shares to heights that, on past form, you would not have expected, telephonic market as a means of Pegler, moreover, produces a sud- debt reduction. Not that the concept den leap in profits just when it itself is novel, but other schemes comes in useful to defend the bid. for securitisation of property await What do you do with your shares? changes in the UK legal system or There is no question that the of-fer from F.H. Tomkins represents a for lift off. Goldman Sachs has taken a pragmatic attitude and settled significant bid premium; equally, there is no concealing the fact that on a Luxembourg listing for the preferred shares in Billingsgate City Securities. acceptance would imply very con-siderable dilution for Pegler share-

Goldman itself is increasized holders. Only if you believe that Tomkins can offer substantially better management of the company anxious to get hold of the right site to accommodate its post Big Bing team. Not much consolation, in the wise, you have a parcel which consists in a much reduced share of the modest bunch of Tomkins businesses and the manof the freehold. In fact there does appear to be genuine interest in the ings. Since Pegler contributes most of the resulting group, however, at least the risks are limited. reference shares, not least from Samuel Montagu, lessee of what r to be henceforth known as Montag. House. For Samuel Montagu the would represent a fine help-against future rent reviews; br nothing more, since any lessee in barred from voting his shares.

The gross yield on the shares a 5.9 per cent represents a small premium on the 6.3 per cent the open market valuation suggests single buyer could earn from the property. But the stock may still at tract small funds which rarely obtain much more than 5 per cer yield from the City properties the they can afford in non-unitise form. If this sort of investment goe form. It this sort or market there are live in a big way then there are live arbitrage possibil That same rapidly depleting cash some interesting arbitrage possi flow will be very useful for Premier ities for the larger players. Beris Consolidated Oilfields as it pre- ford, for its part,

UK sets terms for action against Pretoria

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

Rolls-Royce rejects

French space link

BY DAVID MARSH IN PARIS AND PETER MARSH IN LONDON

THE BRITISH Government is prepared to consider further measures against South Africa, but only if there is international agreement involving the leading industrialised nations and the EEC, as well as the rest of the Commonwealth.

During a 30-minute discussion of South Africa at a Cabinet meeting yesterday, Sir Geoffrey Howe, the Foreign Secretary, emphasised the need not to rush into immediate decisions but to hold international discussions to see whether there was broad support for further action.

Senior ministers believe that in the light of the pessimistic analysis of the Commonwealth negotiators the Eminent Persons Group - some further measures are probably in-evitable later. But ministers oppose any unilateral British action that would give a trading advantage with South Africa to a competitor country such as Japan. One senior minister commented afterwards open all options while discussions strong pressure from Opposition that Sir Geoffrey was putting for-continued. He was supported by vir-parties to take action. Mr Neil Kin-

over a new generation of space

launchers have receded after the re-

jection by Rolls-Royce, the UK en-

gine company, of a French sugges-

tion of co-operation over the motors needed for the vehicles.

ing boards in both the US and Eu-

rope, would take off from ordinary

runways and enter orbit by burning

oxygen from the air, removing the

need for huge tanks of liquid oxy-

gen.
The British rebuff may inflame

competition between London and

Paris over rival space projects for

which both countries are trying to

win financing from European part-

Mr Jean Sollier, assistant manag-ing director of Snecma, the French

state-owned aero-engine group, said yesterday that Rolls-Royce had

rejected the idea of Franco-British collaboration on revolutionary "combined cycle" jet/rocket engines

that could power space-going air-

Rolls-Re se, along with the Brit-

ish Aerospace, is studying horizon-tal take-off and landing (Hotol) a design for a space aircraft that

might fly by the early years of next

century.

Mr Sollier, who is also the new

chairman of Société Européenne de

Propulsion, the manufacturer of en-

gines for the Ariane rocket, said he

An official from Britain's Nation-

regretted the British decision.

The launchers, still on the draw-

which everyone can tread."

During heated exchanges in Parliament yesterday, Mrs Margaret Thatcher, the Prime Minister, emphasised the need for the Eminent Persons' report to be given proper consideration. She emphasised the need for further consultations not only with Commonwealth leaders and Britain's EEC partners, but also with the seven nations repre-sented in the annual economic summit. Mrs Thatcher said Britain still believed the door must not be closed on further dialogue and ne-

Later, at a hastily arranged meeting of the Conservative backbench foreign affairs committee, Sir Geof-frey urged the 80 Members of Parliament present not to take up intransigent positions but to leave

tually all the 17 MPs who spoke and there is therefore unlikely to be any significant rebellion when the House of Commons holds a full day debate on South Africa next Tues-

A number of MPs who spoke made clear that a majority of government backbench MPs strongly oppose economic sanctions and a motion along those lines has been signed by more than 60 members.

However, a small but vocal mi-nority of MPs strongly support fur-ther action against South Africa, as discussed at last October's Comgotiations with the South African monwealth conference. Many Conservative MPs believe that any action that wins international agreement from leading in-

> minimal and therefore there is no need to arouse opposition now. However, the Government faces

dustrial nations will in practice, be

nock, the Labour Party leader, said the Eminent Persons' report had made clear that "extensive and intensive economic pressure by Britain and other nations which have a significant trading and commercial relationship with South Africa, is essential." He said the UK must impose strong sanctions "strictly and

For the Liberal-Social Democratic Party alliance Dr David Owen. the SDP leader, said it was time for Britain to lead Commonwealth opinion. He called for a ban on new investment and an immediate selec tive sanction through an interna-tional ban of intercontinental flights to and from South Africa.

Mr David Steel, the Liberal leader, warned that "if Mrs Thatcher persists in her obstinate opposition to economic measures, she will stand accused of throwing away the last chance of averting a bloodbath

HOPES of an early sign of collabor- tion of co-operation in talks with ation between France and Britain Rolls-Royce a few months ago, Mr The US over the past year has significantly increased research efforts in such technology, which might be important for civil and military purposes.

The British Government and aerospace industry have annoyed the French in recent months by stepping up efforts to win European support for Hotol. That might impede France's own attempts to win full European backing for its own project, Hermes, a manned vehicle capable of being lifted into space by a conventional rocket.

Hotol's propulsion technology is still classified as a military secret in Britain, although UK officials admit that that is largely for commercial reasons. France believes Hotol does not represent direct competition for Hermes as it is still only at the "proof of concept" phase, whereas Hermes is capable of flying by 1995-

Although Britain has captured attention with Hotol, France believes its own studies on "combined cycle" engines give an equal chance even-tually of developing a feasible proj-ect. Mr Pierre Betin, SEP's assistant managing director in charge of technical affairs, yesterday de-scribed Britain's slight lead in the area as similar to that of a runner who starts five metres ahead in a 10.000-metre race.

Snecma and SEP are already collaborating with Volvo of Sweden and Fiat of Italy on research into Agency for research contracts on the subject.

Airbus offered US collaboration deal

BY DAVID MARSH IN PARIS

European airliner-manufacturing consortium. Although the offer is regarded with scepticism in parts of the European aerospace industry, the move might pave the way for partnership over a new generation

of long-range airliners. Officials at a meeting in Hanover yesterday of the four European gov-ernments backing Airbus con-firmed the McDonnell Douglas

overtures.
Although the French, West German, British and Spanish governments are in favour of Airbus's following up contacts with McDonnell Douglas, officials voiced scepticism as to whether any accord with the US manufacturer would be possi-

Executives at Aerospatiale, the French aerospace group, which is France's shareholder in Airbus, said this year that exploratory con-tacts about collaboration had been made with McDonnell Douglas.

In view of the competing nature of the two manufacturers' long-range airliner projects - the MD-11 for McDonnell Douglas and the A-340 for Airbus - there are doubts over whether collaboration would

Latest McDonnell Douglas sug-gestions appear to focus on a possi-

MCDONNELL DOUGLAS, the US projects. Both manufacturers have aircraft builder, has offered colla- a common interest in standing up to ing international airliner builder, which has shown signs over the past year of increasing its dominance, despite its perennial charges of unfair commercial pressure from

> Mr Martin Gruner, state secre tary at the German Economic Min-istry said yesterday that discus-sions with McDonnell Douglas had been going on for several months. They focused on collaboration on both the A-340 and the short-to-medium-range A-330.

Both projects were agreed by Air-bus shareholders at the beginning of the year. But the four countries' aerospace industries are still trying to win approval from governments to put up the estimated \$2.5bn in de-

A statement issued after the four nation meeting emphasised caution on the matter. It said that governments would "examine" financial support for the A-330 and A-340 only if "prospects of economic viability and commercial success" proved to be sound.

McDonnell Douglas last night took a cautious line. The company said it had "fairly regular contacts" with other companies in the busi-ness but "nothing of significance" had so far come out of discussions

Shah's daily rescued by Lonrho

Continued from Page 1

handed in to yesterday's emergency board meeting in the form of a let-ter from Lord Rothermere. It was not considered a serious contender Mr Robert Maxwell had detailed talks with Mr Shah and wanted to take over all the debts and assets of the company News (UK) and wanted Mr Shah to stay on and run the newspaper. Mr Maxwell's offer, it is believed, was worth a total of £20m. The Lonrho offer offer was easily the winner because most ot the board members saw it as a long-term commitment to making Today

(UK) shares.

Shipping and Ivory & Sime, the Scottish investment house. Each their total investment to £3m each. be a big shareholder although the

The departing shareholders, Mr Shah said, were paid back their

P operations.

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ble pooling of resources for the two IRI accuses Fiat

1986, contains a clause that reads: where a European partner such as "If the salvation of Alfa Romeo can Andi, Saab or BMW would be be achieved by ceding majority con-

Continued from Page 1

trol of the company, Fiat would like to be informed before any agreement is made." IRI maintains that that proves Fiat was well aware of developments

in recent months and points out that in March, the Alfa managing director and Mr Vittorio Ghidella, Fiat Auto managing director, visit-ed Japan ingether to discuss a three way venture with Nissan. Fiat knew more than it admits and is now trying to sabotage the Ford deal, which is our preferred route," claimed the IRI official.

Fiat.has proposed a formula that would see it taking a 50 per cent stake in Alfa's Pomigliano plant near Naples, with management of the venture by Fiat. Under the Fiat cal dimension among Italian parplan, 200,000 cars would be produced at Pomigiano, of which 100,000 would be Lancia (a Fiat subsidiary) models and Mat-built en-gines would be used for the Lancias. The other 100,000 cars would

brought in on a three-way plan to build 140,000 luxury cars. IRI maintained yesterday that it preferred the Ford deal in part be-

cause Ford had offered to "reach

saturation capacity" of a total of 400,000 cars at the Naples and Milan plants, while Fiat's offer was for *Fiat is trying to dismember Alfa and protect its position in the Italian market, keeping out Ford, with which it is upset anyway since the Fiat-Ford merger talks collapsed

says exactly the opposite, promis-ing to maintain Alfa's identity. This week's IRI-Flat conflict, which is overshadowed by a politi-

last year, IRI commented. Fiat

Mr Romiti's disclosures - and his declaration that the Fiat offer "remains valid" - come in the wake of be Alfas, but also possibly with Fiat an earlier statement by Mr Gianni engines.

Agnelli, Fiat chairman, in which he
Fiat also proposed a venture at
the Alfa Arese plant near Milan, sition by Ford. Belgium may have found a semblance of political stability but the key problem of gearing up the economy to consistent competitiveness remains. The Government believes it is making a major contribution by reducing expenditure

Tough line on constraint

By Paul Cheeseright

Belgium three weeks ago after an absence of about a year. Mr Wilfried Martens, the Prime Minister, was on his feet in Parliament pledging "a daily fight for the exact and honest execu-tion of the budget."

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During those 12 months Bel-gians watched paralysis creep over the fifth Martens govern-ment. They saw it riven by dispute over who was responsible for the handling of the Heysel Stadium tragedy—when 38 foot-ball supporters died—and the organisation of education.

They accepted with little sur-prise the triumphant return of the ruling coalition in a general election. They followed the leisurely formation of the sixth Martens government. They cele-brated Christmas. And nothing much happened for another five

The Government was bidding its time, administering without a budget. What it had in mind for 1986 was not something which would necessarily have been appealing to the electors of 1985. It was more concerned to have parliament vote special powers to run the economy by decree. That took three months. The powers came and then the Government disappeared alto-gether. Senior ministers went into conclave in a Brussels suburb for what turned out to be more than six weeks of bar-

bring its own finances under control. It had settled the shape of the political debate for the next few months. At parliamentary level, the results have been predictable, Last October, the two Christian Democrat parties and the two Liberal parties—one party of each for the Dutch speakers, one of each for the French speakers—were returned to power in a general election. They won 115 seats in the 212-seat Chamber of Deputies, with

the Socialists as the main opposition with 67 seats. The election was won on the basis of continued economic restraint. What the Government proposed for its 1986-87 budget was therefore wholly in line with that. When it went to Parliament for a vote of confidence on the package, acceptance was a foregone

But that is the simple part of the debate. Outside Parliament all the elements and contradictory forces which make Belgium one of the most governed but last governable countries in Europe are being caught in a political swirl.

Take the unions first. Even before the package had been formally presented, strikes in the public services had started, often spontaneously, forcing union leaders to take a tough troops.

What all the union groupings have is a desire to keep intact the panoply of the welfare state,

to maintain the social demiparadise constructed in the days when expansion was the norm and there seemed to be money for everything. At another level, those in the public corporations and state services saw their conditions of employment under threat. Here was a government with the temerity to chip away hits of social security, to make it clear that. for example, the railways must balance their books.

Yet this is where the Yet this is where the divisions start as well. Attempts to spread strikes into the private sector had only isolated success. Parity this reflected the jaundiced view many in the private sector take of the public sector—feather-bedded, inefficient, arrogant. There is the usual litary of complaint the usual liting of complaint about officialdom from a people who spend a good deal of energy trying to circumvent

More tangibly there was little desire to put jobs at risk in the private sector against the background of unemployment running at more than 12 per cent and economic growth stuttering at 1 to 2 per cent. With the working population two-thirds unionised, the trade

union chiefs could theoretically put the Government out by overturning the parliamentary majority on the streets. It was unlikely, in practical terms and the coalition leaders knew that as they put their heads above the parapet and started a new propaganda and consultation blitz to break resistance to new



The Government of Wilfried Martens faced immediate union demonstrations when it brought in spending cuts

It was unlikely because the unions reflect the fissures of There are further snags Belgian society—French and Dutch, Catholic and secular, political debate yet another left and right. The main union groupings have direct links to the political parties. The Socialist unions are stronger in the French-speaking south of the first round of the argument, Wallonia. The Christian unions the ouestion was all about the French-speaking south of Wallonia The Christian unions are stronger in the Dutch-speaking north of Flanders, The Socialists seek to oppose the Government at every turn and tion sys the christian unions are almost part of the Government.

If the Government can stay friends with its friends, it re-mains safe. Certainly the Christian union chiefs showed little appetite for a prolonged struggle. "Negotiate, negotiate," was their cry. Of course, said the Government, provided the BFrs 195bn of budget cuts is respected at the end of the day, and provided the sectoral sub-totals are respected as well. The talking started. The Socialist unions were left on

With a little bit of help from the Government, the union movement had dissipated its strength. The divide-and-rule tactics of the fifth Martens government seemed to have started to work again for the

But sensibilities are being touched by cuts in the educa-tion system, and this is the second round, likely to run into the autumn. At issue are not just reductions in the building programme but systems of teaching and the freedom, with official funding, to practice

them.
This opens up the Catholicsecular fissure, and because the going to be forced to adopt the Cathlic schools in Wallonia feel same approach. That, in its turn, Catholic schools in Flanders, it the emotional aspects of what emphasises the communal divide, Teachers are well as a lengthy education do arms, parents are agitating. What the Government sees as budgetary realities (Belgium, it suggests, spends more per capita on education than its European partners) hit the delicate mechanism relations with a thud It is at this point that the budget package throws up the most significant quirk of Bel-

gian politics. Governments might be voted out on economic Governments along the language border which policy, as anywhere else; Bel-gians indeed are more careful of their pockets than most: but communal issues often of arcane obscurity to the outsider.
One of the key reasons for the stability of the fifth Martens government was the pact be-

tween the coalition parties to treat economic questions as the priority. Issues related to how the Dutch-speaking and French-speaking parts of the country rubbed along in a semi-federal tate would be put on the back. state would be put on the backburner.
To find its way through the next two or three years, the sixth Martens government is

Teachers are up in bate and to play up the financial parents are agitating.

in the opposition that the spending cuts fall more heavily on Wallonia than on Flanders. Fur-ther, the communal tinderbox the constitutional watchdogs, adjudicates on the linguistic

formally splits the country.

Such banana skins are before the feet of any Belgian government. The present coalition would indeed like to see more power devolved to the regions. precisely to ease the danger of communal friction. But it has

reform during the current par Its raison d'être rather what voters wanted last October—is to get the economy right. What it thus wants most over the next few months is a continued revival in the European economy. That would help offset the effects of its own budget

cuts, most importantly in the provision of jobs. It would also neutralise to some extent the relative rise in Belgian costs against those of the Netherlands and Germany. There will be another surplus this year on the current account of the balance of payments, helping to maintain the confidence that has brought an inflow of capital.

Such confidence could evaporate at any time if the Government slips on the communal banana skin. But as June 1985 to May 1986 showed,

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Profiles: Stella Artois Telindus Van Hool Page 5 Food: Richness of fare **Business Guide**

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Government Debt

Deficit under attack

and balanced public finances are that unemployment caused by the essential base of a promising economic future. They will Generale de Banque has strengthen our balance of pay-ments, already in surplus. They will allow a new fall in interest rates. They will encourage company investment and individual creative activity, which in their turn encourage the crea-tion of new and stable jobs." That was Mr Wilfried Martens, the Prime Minister, in parliament last month as he in-

troduced another economic package, this time attacking the public deficit. Opposition politi-cians were quick to point out that this was the fifth in five

years.
"I am not persuaded things are going to change," said Mr Guy Spitaels, the French-speak-ing Socialist leader. Mr Martens has been Prime

Minister apart from a break of eight months since April 1979. initially at the helm of ragbag coalitions which were short on policy and long on manoeuvre. From 1983 the touch has been surer. But in absolute terms the deficit has continued to rise. The net financing need of the authorities as a pergrapa of

authorities as a percentage of the gross national product, reached a peak at 14.5 in 1981. Since then it has declined gently—and only gently because the Government has been pushing back targets, which reached 11 per cent last year.

per cent last year.
The aim incorporated in the May package is to reduce it to 8 per cent by the end of 1987. That would still leave a net financing need of BFr 410bn, more manageable but still high

more manageable but still high by European standards.

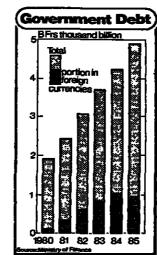
Even then the role of the Government in the economy will remain overweening. On the assumption that, as the programme of government cuts goes through the real savings will not be BFr 195bn as is officially hoped but nearer to BFr 127bn, Kredietbank calculates that government spend-

BFT 127hn. Kredietbank cal-culates that government spend-ing as a percentage of GNP will move from 60.1 per cent last year to 56.4 per cent in 1987. The immediate effects will be considerable. The Government is equivocal about the effects on unemployment, which re-mains in the electoral eve the mains in the electoral eye the major economic issue. On the one hand, it suggests that the effect will be neutral: losses of jobs caused by the cuts will be offset by the stimulus the economy will receive from the fall in oil prices and the decline in the rate of the dollar.

HERE IS the dream. "Healthy On the other hand, it suggests start of the withdrawal of the Generale de Banque has worked out on its econometric model that the jobless roll could swell by 30,000 and that this is the short-term price for

what is otherwise a beneficial package. It also suggests that the growth of the gross national product could slow to 1.3 per cent. The Government scenario is for volume growth in 1987 of 2.2 per cent.

The two points run together.
The Government's employment roll will be reduced — it is al-ready employing part-time and temporary workers in consider-able numbers — while the re-



duced level of government spending on goods and services could hit some private sector

If the Government sees the plan through (and there are sceptics who doubt its ability to do that and who complain about the vagueness of some of the proposals) then over the longer term the results will be far-

This is not only a question of cutting subsidies, but of bringing the major public corpora-tions back into the commercial economy. The post and tele-communications authority is a case in point. It will face a tax for the privilege of its monopoly. Beyond that the Government has opened up the cossibility of bringing in pripossibility of bringing in private capital. Further, it wants to associate private capital with public works schemes. The other side of this is the

Government from its over-active role in the economy. There is Germany
litie Thatcherite ideology in all
this: officials explain that if a
thing is working it will be left
alone. What ideological push
there is for "principality". there is for "privatisation" comes from the Liberal element Democrat majority is wholly praematic.

And being pragmatic in the Belgian Government context is the simple realisation that it could not afford to carry on the way it has. The days of throwing money around may not have finished, but the Government has accepted the writing on the wall. This is what distinguishes the May package from its predecessors.

In the past the Government may have tried to check spend-ing—not very successfully as the figures show—but it has always cast around, too, for means of increasing its own revenue. For the first time for as long as anyone can re-member, the Government has acted almost solely on expenditure and not on revenue.

There is a qualification here though. The Government is cutting into its contributions to the lower tiers of administra-tion, the regions and the com-munes. But at this stage it is not clear whether they in turn will cut their spending or try to keep at present levels by raising more funds locally.

The attack on expenditure, the attack on expenditure, however, is at once on immediate spending—blocking major military equipment spending and holding public investment in 1986 and 1987 to 65 per cent of the 1985 level. for example-spending.

This is another factor which marks off the May package from its predecessors. The closely woven fabric of social security and education spending has a pair of scissors round the edges.

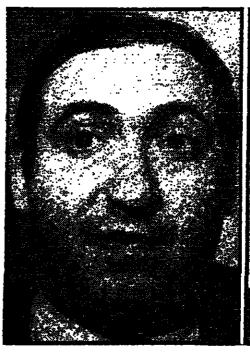
It took 47 days of political negotiation among senior mem-bers of the Government to settle the economies, probing the nooks and crannies of spending. In the package there is some-thing to annoy everybody but not, the politicians hope, to annoy them too much. For, at the end of the day, this was a political as much as an economic exercise. As one senior official put it:

"In every measure there was a political equilibrium — what ministers think the man in the street will accept."

Paul Cheeseright

Gross payment of BFrs 3bn Gross payment of BFrs 1.5m Gross payment of BFrs 4.5bn Net earnings as percentage of: Gross Employers' Net carnings as percentage of: Gross Employers' percentage of: Gross Employers payment payment payment 38.24 57.59 43.58 59.92 52.32 55.83 63.73 49.94 57.68 53.97 57.53 68.32 53.30 60.36 45.53 56.24 79.21 58.79 66.47 63.71 73.41 67.37 73.88 65.56 **81.97** 68.73 **US** 66.98 65.92 61,92 in the coalition. The Christian Source: Arthur Anderson, January 1986

Earnings





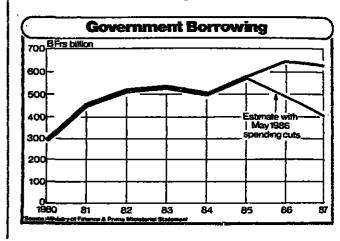
THE Government is about to THE Government is about to launch into a lengthy market operation to save the interest on the public debt. It is budgeting to save BFr 30bn by a process of consolidating and converting loans so that it can gain the benefit of the lower trend in interest rates.

But there is no question of not meeting contractual obligations and everything it does will conform strictly to the mechanisms of the market, it says.

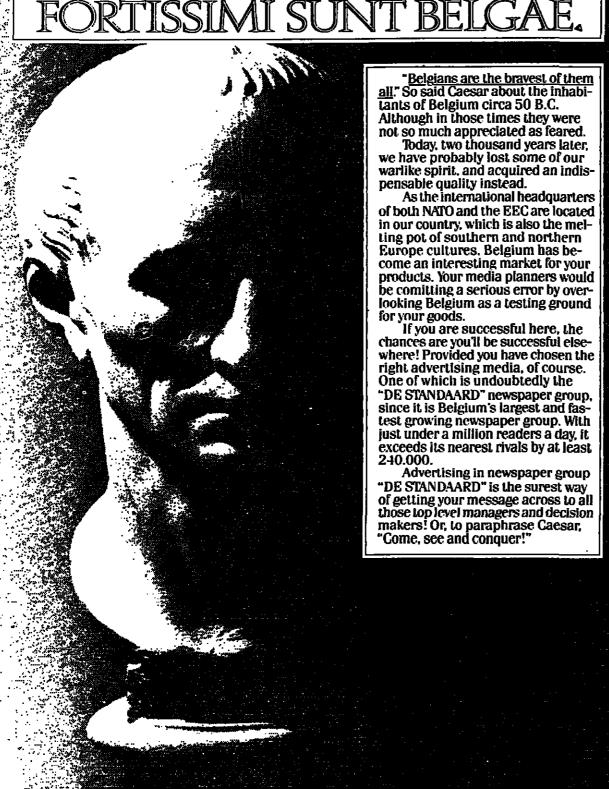
The high degree of liquidity on the domestic market has meant that it has been able to meet its financing needs from local sources. While it has been on the international markets, this has largely been markets, this has largely been to consolidate existing cur-rency debt. Thus, foreign debt, which a decade ago was virtually non-existent, has stabilised at just over the equivalent of BFr 1000bm.

Current official thinking is

Jean Gol. Liberal Minister of Justice (left) and Michel Hansenne, Christian Democrat Minister of Employment (right), are senior French-speaking politicians—the first stressing the virtues of free enterprise, the second seeking more flexible patterns of work organisation



Industrial Relations



KRANTENGROEP DE STANDAARD

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MUCH FURIOUS activity will be observed in coming months as employers and unions meet to negotiate a wage increase framework agreement for the next two years.

A good deal of the fury will A good deal of the fury will be synthetic as both sides per-form time-honoured rituals. The employers will claim that competitive edge has been lost as unit labour costs have increased faster than those of trading competitors. The unions trading competitors. The unions
—Christian and Socialist alike
— will argue that they have
carried enough of the burden
of five years of economic
restraint.

But the anguish will be not only synthetic but academic as well, for if the two sides cannot agree the Government will step in and decide for them. The Government's norm is that Belgian costs must not rise any quicker than those of its seven principal trading partners,

That norm would come into play when Belgium's partly indexed system of wage increases lets costs run ahead. This idea was devised to counthe effects of a return to wage indexation after a period of freeze in the first years of the fifth Martens Government. Hitherto indexation has only

been partial because the Government, ruling by special decree, made sure this year and last that the first indexed rise did not take effect. The result of that on top of the freeze has been a fall in real wages. This time round the inflation rate is much lower and on the

indexed system there is scarcely room for any rise at all. This is one of the rare cases where indexation works to keep down costs rather than push them up. The pendulum has therefore

been swinging against the unions, basically powerful because two-thirds of the working population are members but weakened by their own divi-sions. Mounting unemploy-ment, which stabilised only last year, has acted as a further constraint on the unions' power. Although employer versus employee rhetoric sounds antiquated the two sides are manag-ing to reconcile their interests in a way which begins to address some of the desper difficulties of the Belgian

work organisations.
Companies have long complained that the Belgian system is so rigid it frightens off foreign investors and restricts their room for manoeuvre in

economy, which relate to the need to find a balance between labour protection and flexible

The Jobless 000 annual averag

offering new jobs, whereas the unions guard jealously the advances in social legislation of the 1960s that provide security

f employment. To achieve in the economy the trick is to create flexibility without wholesale reregulation. Keep the protection by main-taining workers legal rights on, for example, health and safety but allow greater freedom in respect of, say, weekend work-ing and shift work. Employers and unions meet the National Council of

Labour and they have just reached a new agreement which will result in legislation. Mr Michael Hausenne, the Employ-ment Minister, will introduce it 50011.

describes it is to introduce new systems of work organisation at company level with the aim of the number of hours worked adapting or extending the time that productive capacity is used. Thus it will become possible to even if only part-time, of more scrap the ban on Sunday or people. public holiday working or engage in night working. But there are built-in condi-

ments between employers and unions at sectoral or plant level and the agreements must embrace all the organisations represented in a company.

Not only that. There is a crucial clause in the agreement

which says that the new system must have a "positive effect" on employment. Here then are two strands entwined - the Government and union priority of reducing the number of jobless, and the corporate need to loosen up a system in danger of ossification.

Trading off these factors has

Synthetic anguish on wage rises Although unemployment has come down from its 1984 peak, it is still running at 12 per cent of the labour force. The proportion of unemployed under 25 years old hovers around a third, but what is worrying for the Government is that the num-ber of long duration unemployed is going up.

It sees the best chances of new jobs in small and medium sized companies, so in its latest economic package it announced that companies taking on young unemployed would not have to meet the full level of social security contributions. It is also prepared to help companies finance new investment in machinery if they take on

been a feature of the approach to helping Belgian companies to win back the competitiveness they lost in the 1975-80 period. When in 1982 the fifth Martens Government brought in wage restraint as a backing for a devaluation package, it wa linked to the creation of jobs,

A formula was adopted which involved holding back wages in return for a cut in the number of hours worked and a marginal increase in jobs. Where com-panies did not provide addi-tional jobs they met a tax penalty.

There was a further element. Within the scope of special powers to run the economy by decree, the so-called Hansenne agreements emerged. These agreements were enacted into law. Broadly they

permitted companies to change people.

For example, the glass company Glaverbel introduced at

tions. Where working practices of shift working, including ments between employees and

Sundays, so that there was a 6.7 per cent increase in the number of jobs available.

There have been over 50 of these Hansenne agreements, signed by companies like Duracell, Etap, Philips, Siemens, Rayechem, Barco, Colgate-Palmolive, Volvo and Monroe Belgium.

The planned new logislation is a direct consequence of those agreements, seeking to spread generally what appears to have worked particularly. It means only a few jobs here and a few jobs there. The total number employed in the plants covered by Hansenne agreements is about 18,000. The new jobs created in them number up to

Belgium, is in fact, institu-tionalising changes in working organisation which bring about reduced working hours to 2 greater extent than most other European countries. Employers resist the sweeping introduction of a mandatory maximum number of working hours because they do not want to employ more people to do the same amount of work as a smaller

number.
Spreading the available work around to more people can work only if it is linked to a greater freedom of working practice.

But this all comes back again to the question of wage levels. After years of pay restraint the unions are naturally ally hoping for increases especially as they see a return to profitability by the employing

companies.
The Government will try to ensure that within the collective bargaining at least some of the funds companies may be prepared to set aside for higher wages will be spent instead on job creation. This, officials explained, is one of the main areas in developing employment opportunities for the young

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Belgium 3

Tax Policy

Burden relief depends on budget solutions

Times Fred . June 13

When! Borrowing

, ÷.

The second complaint, made this time two years ago by Mr Jacques Groothaert, then chairman of Generale de Banque, the country's langest commercial bank: "The 5,000 management staff who are the vital sinews of our business are suffering more acutely from social security and tax deductions and more and more are denied the more and more are denied the fruits of their efforts.

For years companies have been hammering away at the difference between what an employee receives and what is employee receives and what is necessary to pay to ensure an adequate net salary. On the side of the employee, the tax burden has been onerous, some-thing to circumvent wherever possible. Hence the existence of a flourishing black economy.

The Government has inaugurated a modest programme of tax reform — amounced in March 1985—and starting to come into effect on 1986 earnings. This involves immediate small cuts in direct textion and small cuts in direct taxation and a movement towards indexation of tax schedules to avoid the leaps in taxes that occur as revenue rises to keep pace with

inflation and attracts a pro-gresively higher rate.

This affects what might loosely be called household

"WHAT ARE our handicaps?" assessment and subject to a sked Mr Jacques de Staercke, one-off 25 per cent withholding ably narrowed in the near future. The reasons for this metal and engineering industry that the sonal tax changes as the pert and social security contributions are too high. Consequently, companies which want to pay in Belgium a competitive on the authorities sorting out their own budget problems must meet a salary cost which is a multiple of what is paid abroad." That was in April this year.

The second complaint, made this time two years ago by Mr Jacques Groothaert, then chairman of Generale de Banque, the insurance system—against unemployment, sidness and so on. But this burgain has been gradually extended.

It has extended to those who have not contributed—the young unemployed for example—and it has been subject to greater financial strain because of the high number of jobless. There are fewer contributions but more to pay out.

The system is financed by an account held spart from the main government finances, but is nevertheless topped up by the Government so that social security in a broad form represents the biggest single charge on the official budget.

Short of a surge in the

Surveys by Arthur Andersen have shown that the Belgian employee is receiving a smaller percentage of gross earnings in take-home pay than in any of the countries the company surveyed

fruits of their efforts.

"Certain international specialists are becoming literally unpayable" in Belgium hay of only 56.9 per cent of the country certain types of business where the international competition is brackets this is set off to some extent by fringe herefits and pay of only 56.9 per cent of the total against \$1.55 per cent in the US. The take home pay becomes relatively less the more becomes relatively less the more beach to work and the immediate that is earned. In the higher demands on the system are less brackets this is est off to some extent by fringe benefits, and the Belgian social security rystem is much more extensive than the American.

Here lies the rub for the companies. Social security with the system. Politically and socially it would be impossible suddenly to start withdrawing benefits. It can only step in to stop permanent growth of expenditure — by a percentage of gross wages—and the wages embrace over time, holiday pay and bonuses. Even then, the demographic

companies. Social security contributions are worked out as a percentage of gross wages—and the wages embrace overtime, holiday pay and bonuses. Employers are paying 32.4 percent of a gross wage for manual workers and 28.4 percent for a clerical worker in social security, covering health, disability, superannuation, accident insurance and so on. The employee's contribution is just over 12 percent. So for an employee to receive BFr 88 before tax, an employer has to pay out more than BFr 132. It is this that is behind the complaints and the causion about taking on new full-time employees.

Officials say that the gap between wage costs and net pay has stabilised. But it seems

In the light of all this. Belgium seems set to remain a Beignim seems set to remain a high wage-cost economy, attractive to employers because of other factors — geographical position, easy movement of funds, quick repairiation of dividends. As estate agents who monitor the comings and goings of companies note, investment-takes place in spite of

De Clercq Funds

The De Clercq Funds, main vehicle for Bourse investors' tax-cut schemes, have also yielded handsome returns

Concessions for hard-pressed

Even then, the demographic shifts in the population mean that the demand for pensions is going to increase. The average year later it took off.

More than three-quarters of the investment took place through the so-called De Clercq Funds, specially designated and run by the major banks, saving institutions and stockbrokers. The three biggest are BBL Fonds, Fivest and Interselex Belga, followed by ES-Fonds and then, a long way behind in size, Belfund and Fonds-Hermes. This year a seventh started, Metropolitan-BF Fonds. Between the end of 1982 and age of the population is going up. of companies note, init takes place in spite of our charges.

Paul Cheeseright 96.1bn. Any investment made

THE BEST concession the Belgian Government has offered its hard-taxed citizens this decade has been the possibility of reducing taxable income through investment on the Bourse in domestic stocks.

What the Government also offered, on a scale it could not have anticipated, was a handsome capital gain for the Anybody prepared to hold Belgian stocks for five years could reduce taxable income by BFr 40,000 plus another dependent. In 1982 the scheme was slow to catch on but a year later it took off.

More than three-quarters of the in 1982 had doubled in value by the end of 1985. Later investments have seen capital gains to the end of 1985 of up to 60 per cent.

The effects have been profound. Share ownership is more widely spread and the idea of having a permanent, if more muted, stimulus for the market has been accepted. The Government is committed to introducing a private pension can be tax deductible. This would replace the scheme which prompted the rise of the De Clerq Funds. That stopped working for new investments at the end of 1985 of up to 60 per cent.

The effects have been profound. Share ownership is more widely spread and the idea of having a permanent, if more muted, stimulus for the market has been accepted. The Government is committed to introducing a private pension can be tax deductible.

This would replace the scheme which prompted the rise of the De Clerq Funds. That stopped working for new investments at the end of 1985 of up

a pension can be tax deductible.
This would replace the scheme which prompted the rise of the De Clerq Funds. That stopped working for new investments at the end of last year, although the first stocks hought to attract the end of last year, although the first stocks bought to attract the tax concessions cannot be sold until 1987. In spite of government plans to reduce personal taxation, the pension savings scheme looks likely to be the most valuable concession for the next year or two.

Certainly the earlier concession paid off for the Government. It channelled funds into the market which found their way into the corporate sector.

way into the corporate sector, enabling companies to engage in more equity financing instead of bank borrowing. That in turn left a bigger space in the market for government borrowing.

The creation of that space kept interest rates lower than they might otherwise have been. High liquidity on the market helped the Government to fund its mounting debt.

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Cry for help in

mining crisis

Steel and Coal

WANTED: Senior executives to The problem now is that the act as company physicians. Belgians may apply but it would be preferable if they were work-ing abroad. Needed to devise a

Nothing as crude as an advertisement worded like this has appeared, of course, but the Belgian Government is looking for help to get off the nasty hook on which it is impaled— nasty because the coal mines are losing more money than the subsidy available to sustain

It does not look as if more subsidy can be arranged without a heated inter-communal dispute—the kind of row that imperils a Government.

The Government wants a con-sultant to do for the four mines silitant to do for the rour mines of Kempense Steenkolemnijnen (KS) in Limbourg, the economically hard-hit province in eastern Flanders, what Mr Jean Gandois, a French consultant, did for the troubled steel plants of Cockerill Sambre in Wallonia.

In 1983 Mr Gandois produced restructuring plan for Cock-rill Sambre which involved plant closures and new invest-ment. Execution of the plan was late in starting, which con-tinues to have financial effects; but it is being followed

Out of the Cockerill Sambre affair, which dominated politics for long periods in the fifth Martens Government, came the origins of the squabble which could develop KS.

For some time before the arrival of Mr Gandois, Flemish politicians had been emphasising that no more Flemish money could possibly be put into the bottomless pit called Cockerill Sambre, so to bail out the company, the then Government had to devise a characteristically Belgian scheme that istically Belgian scheme that would meet the immediate need at Cockerill Sambre while help-ing Flanders.

The answer was a compli-cated regional financing scheme. The Government wants the Broadly, it said that the revenue from death duties would go from the central government in Brussels to the regions to finance the future needs of the five so-called national industrial sectors—steel, coal, shipbuilding, glass and textiles.

This was wrapped up in a law passed in 1884. But before the regions could take over the financing, the books had to be cleaned up. Cockerill Sambre, nearly wholly-owned by the state anyway, was financially restructured. The coal mines, meanwhile, had already been given a BFr 31.9bn subsidy fund in 1982.

mines.

While the polemic ebbs and flows Cockerill Sambre has kept quiet about its financial needs. Its workforce is less than one-third of its 1974 level at 15,646, and more cuts seem likely after a 1985 net loss of BFr 6bn and in the face of a projected loss of BFr 4.5bn.

Paul Cheeseright

act as company physicians. Belgians may apply but it would be preferable if they were working abroad. Needed to devise a plan to stop coal mines losing too much money. Basic requirement is to be seen to be neutral. Must be able to negotiate dense political thickets.

Nothing as crude as an advertisement worded like this KS back into the ambit of national financing.

No chance say the Wellcan

No chance, say the Walloon politicians in effect. If Cockerill Sambre stays regional in financ-

Here, then, is the root cause of another regional dispute. In its search for an outside con-sultant the Government buys time, because no decisions can be taken until the future of KS can be mapped out.

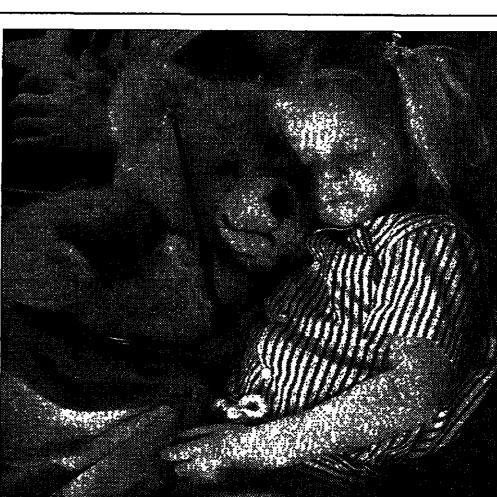
Beyond that, an outside con-suitant's report will be neutral between the regional interests and, as importantly, between the needs of a Government on the attack against subsidies and those of trade unions intent on preserving Jobs in an area where unemployment is twice the national average.

But the sums are tricky. Since 1967, KS has received about BFr 100bn in subsidies. In the first quarter of this year it was losing BFr 1bn a month. The budgeted loss for 1986 is around BFr 13bn, rising to BFr 13.5bn in 1987. Subsidies last year were BFr 8bn. The total amount that Flanders can expect to receive from death duties runs at up to BFr 7bn a

Early this year Mr Firmin Aerts, Secretary of State for energy and himself a Limbourg man, said that more than BFr 6bn would be needed this year on top of the specifically

More recently, unused credits of BFr 25bn at the Société Nationale de Crédit à l'Industrie, have somewhat im-expectedly been found, and the Government is considering whether it can recycle some of its shareholdings in industry

The Government wants the mines to stay in operation and it wants the losses cut. But to do that there will have to be some tough restructuring. The unions want employment kept at 20,000, even though only 18,000 are now employed in the



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High cost of cultural divide

ASKED recently why Flemishspeaking Flanders and French-speaking Wallonia should ever have united to form a single sovereign state, a Belgian com-mentator noted unequivocably " It was an historical accident."

Language and cultural difof the Belgian state throughout years, yet political structures acknowledging the two regional identities have been developed only in the last few years. And the trend towards further devolution of power from Brussels seems set to continue.

The extraordinary bitterness of relations between the two ethnic groups in the 1960s and 1970s caused largely by the post war political, cultural and economic advances of Flanders relative to Wallonia provides the backdrop to constitutional changes agreed in 1980

Running parallel with central Government, provision was made for Communities (empowered to handle cultural matters such as the use of language) and Regions, which have potentially much wider powers covering, for example, planning, housing, the environment, and many aspects of economic policy. (In Flanders the Community and the Region were almost immediately merged into one institution.) The country is further divided into administra-tive units called Provinces and

Communes.
"In principle, we are a federalist state," says Mr Jaak Stokx of the Kredietbank. But in effect we are still uite centralised." Central Government still controls most of the purse strings and retains

responsibility for arguably the

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Unemployment

most important areas economic policy—in spite attempts by the regions achieve greater autonomy. The Government is committed to constitutional reform but is stymied in the current legisla ture. Most observers feel

further decentralisation will be inevitable. The new system of Government has reduced tension across the cultural divide but Belgium's cumbersome political structures almost certainly structures almost certainly impose an additional cost on the state. The new regional

institutions, the two-tier educa-tion system and the require-ment that all government busi-ness should be conducted simultaneously in Flemish and French represent an administrative burden that Mr Hernaudes Lopez, chief economist of Générale de Banque, says is "much higher than in other industrialised countries." An OECD survey,

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example, shows that Belgium's public administration costs as a percentage points higher than the average of a group of leading western nations.

"It is impossible to prove, but my strong guess is that besides the higher costs that small countries have to bear small countries have to bear foreign investment.

by comparison with larger ones (which can achieve economies "two speed" economy—a notion of scale) the difference can be explained by regionalisation. like to encourage, emphasising One consequence has been that their better strike and employthe extra costs have con-ment record, faster improving tributed to the increased could be a small reductivity and 70. tributed to the increased public industrial productivity, and 70 debt with all that implies for per cent contribution to the the level of interest rates and country's exports. But Walloon the Belgian franc," Mr Lopez politicians increasingly resent

Resources in Belgium are not always efficiently allocated, he says, but he cites the way in which central government which central government attempts to be even handed between north and south to the

whether they are needed.

He is equally keen to emphasise the benefits of regionalisation, however. He says the country would be ungovernable without separate administrations for Flanders and Wallonia and cultural aspirations bottled up for years have now been realised. The new structures have unleashed the energy behind valuable local initiatives such as Flanders Technology Operation Athena.

Regional government may have created an outlet for regional and cultural identities, but if anything it has probably exacerbated rivalry between the north and south. In the 19th century more than half Belgium's wealth was produced in the Walkoon region whereas
Flanders was a largely
impoverished and backward
agricultural area.

Since the Second World War, however, Flanders, with fewer large, traditional and declining industries has gradually overtaken its neighbour and also grabbed the lion's share of

this situation.

Though not averse to a little Walloon-bashing himself, Mr Gastona Geens, the Christian Democrat who heads the Flemish executive, maintains that "it is not the intention of Flanders that the discrepancy of economic evolution should continue. Our products go to Wallonia. If things go badly there we should not be happy." The message from the Walloon executive, headed by the young charismatic Mr Melchior Wathelet, is that the "process of adjusting" an economy heavily dependent on old industries such as steel and railway engineering is well under way. The region's new emphasis on technology busi-nesses, initiated by Mr Wathelet

in 1982, and its concentration on joint ventures with foreign companies is paying off handsomely.

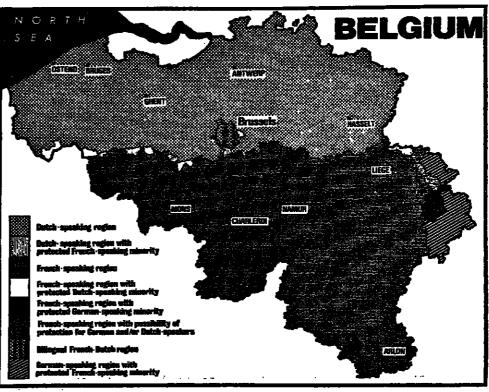
Wallonia indeed has just launched a concerted campaign to counter what it sees as the black propaganda disseminated by the Flemish and too often proceedings of the processes of the concerted concerted to the concerted accepted uncritically by journalists and other commen-

Among a flurry of statistics which the executive has been pumping out figures show that roughly the same number of people are employed in tradi-tional industries in Flanders as in Wallonia—about 30 per cent of the workforce. Between 1974 and 1984 those employed in such businesses fell by 10 per cent in Wallonia and those taken we be called taken up by so called "advanced" industries rose by 7 per cent. In Flanders the figures over this period were 4 per cent and 3 per cent

respectively.

A Walloon economist even questions the wisdom of Flanders' highly successful efforts to attract foreign investment, a strategy he claims makes the region dependent on decisions taken outside the country. This is in contrast to the emphasis on joint ventures in Wallonia. The conclusion of a study on Belgium's regional economic differences published in 1985 by Kredietbank nevertheless remains valid today. It says: "Whether or not the economies of both regions will converge or diverge in the coming decades is still an open question and will initially depend on the development of the wage share which reflects the com-petitiveness and profitability of

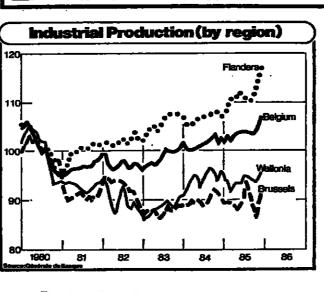
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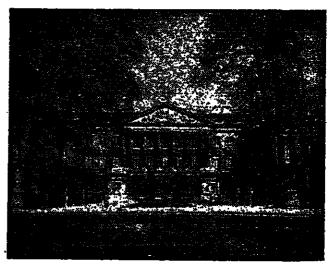


Members of the current not have a mandate for constitutional reform, but this has not stopped debate in the parliament buildings (below) on education change which would demand altering Considerable support has developed for giving the linguistic regions more power

The previous Parliament passed a law providing the regions with a greater degree of economic independence by giving them effective control of future subsidy policy for coal, steel, shipbuilding, textiles and glass manufacture The idea was to find a means of bailing out Cockerill Sambre, the state-owned steel group in the south. Northern politicians refused to see more going into the group without some form of regional quid

Cockerili Sambre is closing plants like the one above in an effort to come back to





Regional authorities have thrown their weight behind high-technology promotion r: ther than trying to bolster up traditional lame-duck sectors

Energy centred on new industry

of the g, steel, "problem" sectors economy—glassmaking, steel, textiles, coal and shipbuilding —remains an uneasy compro-mise between Belgium's national Government and its regional authorities. But there is no ambiguity about who supports new high technology businesses and small and medium-

sized firms.

Partly through conviction and partly through paucity of choice, both Flanders and Walchoice, both Flanders and Wal-lonia have concentrated their energies on backing these new industries rather than belping lame ducks.

Flanders has created its highly successful Flanders Tech-nology, an international trade

fair which takes place every two years (the next is scheduled for May next year) and is designed to show the world what the Flemings have to offer. Foreign investment has poured into the region, rising from \$600m in 1981 to \$1.1bn in 1984 and 1985. The Flanders Government has given special attention to micro-electronics. Under its Inter-University Programme for Mic-roelectronics (INVOMEC), for example, 300 engineers specia-lising in the design of VLSI chips are being trained each

At Leuven (Louvain) some \$16m_has been invested in an Inter-University centre where researchers from the state university of Chent, the Free University of Brussels and the Catholic University of Leuven work in co-operation. Similar programmes are being

developed in the fields of biotechnology and new materials, with telematics, aerospace, medical technologies, robotics, new energy, agro-industry, office automation and engineering the application technologies most

five keenly encouraged. the Wallonia, meanwhile, has also singled out biotechnology and composite materials (as well as

optics and robotics) for special support under its Athena pro-support launched by Mr gramme, launched by Mr Melchior Wathelet, then Minister of High Technologies and Small and Medium Sized Enterprises, and Executive President Tambert Operation Athena is designed

to spur innovation through communication (several clubs have been set up bringing together companies in various sectors), selective financial assistance (the targets are sectors in which the region is

seen to have proven strengths) and fiscal incentives. One of Mr Wathelet's most interesting initiatives-in keen-

ing with his aspirations for "Wallifornie," as he likes to call it—is to invest BFr 50m of the Government's resources in the Lambda 3 fund, a venture capital company in New York managed by Drexhel Burnham Lambert It is believed to be the first

time that a public authority in Europe has made such a move, but in contrast with most investors the main objective is not to make a commercial return but to try to persuade emerging US companies to set

Wallonia. The strategy has so far borne fruit in the setting up of sub-sidiaries of the Liposome com-pany of Princeton, New Jersey, Bioassay, of Woburn, and the Bioassay, of Woburn, and the California-based Hybritech.

A Walloon spokesman has explained that "the agreement with DBL provides for a Walloon delegate to sit on the advisory committee of the fund, the ability to contact any com-pany receiving money from the fund, access to technical and financial information received by the fund, and free consults

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A Mapping for

1000 College

Land to the Brazilla of

Tures Production in the

Private Sector

Deep worries beneath favourable omens

been earning more from exports so the balance of trade is in better shape, while the increase in funds on the Bourse helped a restructuring of corporate finance between 1982 and 1984. Profits are higher returns on industrial and financial sector investment have been running than the returns on

But underneath these good But underneath these good omens there are deep worries. "The problem will not be the public deficit, but that of fundamental growth," one infundamental growth, one in-functial policymaker said. Why is investment not higher? He says there is no specific answer, but "everybody

The Organisation for Economic Co-operation and Develop-ment touched on the difficulties in its Economic Outlook last month. "Business fixed invest-ment and inventory formation weakened, the improvement in gross operating surpluses (up by 14 per cent) having served more for balance sheet consolidation than the acquisition of new capital goods.

"Although domestic demand was still considerably less buoyant than in the main partner countries, the contribution of net exports to growth remains small owing to the loss of export market shares stemming from the Belgian economys insufficient structural adjustment to demand."

Exports have increased, but the main determinant in im-proving the trade balance has been a low level of imports in value terms. Last year there was BFrs 35bn surplus on the current account of the balance of payments. Mr Tony Vendeat the Federation des Entre-prises de Belgique, says: "If at the end of the day there was an improvement, it came from the higher rise of our export prices than our import prices."

That is not something that can be relied on over the longer term. So the basic point is whether Belgian companies are whether Belgian companies are making the right sort of products to underpin sustained growth. The National Bank of Belgiam thinks not. Its analyses suggest that Belgiam is too strong in products for which world demand is relatively weak and not strong enough in products for which enough in products for which demand is relatively strong. "We are good at consumer goods, not very good at high technology," said the policy-maker. That was somewhat

over the top, but the suggestion cash spent on research and that Belgium is an intermediate development. Hences and industrial economy is a fair patent was Bris 12bn of which one. It does not live alone on chocolates and carpets, but as Mr Vandeputte pointed out, last tries. year it was chemicals, transport
equipment and machinery rose by some 6 per cent in both
which were the best sellers.
The worry rather is that Belgian
again this year, but independent

companies on masse are not putting enough cash, and effort into new product lines.

To some extent this is due to catching up. Renewal of the industrial fabric slowed in the second half of the 1970s as profits declined. The stimulus from overseas investment fueled a significant point because when Belgian industry was gaining the benefits of the expansion of European trade in the 1960s and in the period in the 1960s and in the period up to the first oil crisis, the most dynamic impulses came

most dynamic impulses came from a combination of foreign (especially US and German) and Belgian management. Even now, Fabrimetal re-ported from its surveys of the engineering, electrical and plastics industries, companies of plastics industries, companies or foreign origin are investing at twice the rate of indigenous companies. Further, nearly half the investment in mechanical and electrical industry has been

and electrical industry has been devoted to rationalisation.

And the largest sectoral investment has been in the automotive industries—and here the scope for native technological innovation is inevitably limited.

threequarters went into the electrical and electronic indus-

analysis note that most of the investment is going into doing the existing things better.

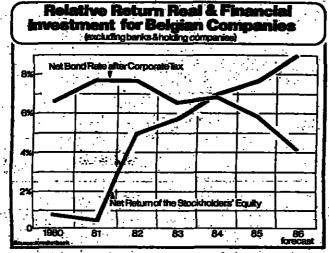
For the companies, there is no shortige of money to do new things, even though real interest rates remain high. Much new in-vestment over the last two years has been financed internally, a facility made easier by healthier looking balance sheets. But the local markets are awash with funds. Bank annual no shortage of money to do nev

reports have continued to show that lending to the private sector remains sluggish. The problem for companies now is problem for companies now isnot where to find money but
what to do with it. "It is difficult to change from one product
to another, even more difficult
to change from one sector to
another," noted Kredietbank another,"

But they add: "The whole economy is at a new limit. There is a need for new development." At this point the general quality of management becomes an issue. "You need a decade to change the structures," officials

scope for native technological The markets are forcing innovation is inevitably limited. The plants are primarily assembly operations.

In the Fabrimetal area, which accounts for nearly 30 per cent of Belgian exports. Exed asset investment in 1985 was 9 per cent higher than in 1984 at BFrs 38bn. The amount of Paul Cheescright



A vocation for exports

AT THE end of the Second World War the little Flanders village of Koningshootk, set in the heart of market garden country north of Mechelen and south of Antwerp, could boast no more than "a lot of peasants growing vegetables," to quote a local resident.

In that same rural setting today, the village is head-quarters of Belgium's largest bus and coach builder. Van Hool, its workshops and body plants sprawling across 30 acres of former farmers' fields. acres or former larmers helds.

The family home of Bernard van Hool, the company's founder, still stands in the middle of the complex, where he built his first coach on an army truck chassis in 1947.

Today the plant turns out some 1200 publishes a rear hyers and 1,300 vehicles a year, buses and trailers, and sells four out of five in foreign markets. Van Hool remains a tight knit family operation: the seven sur-

viving sons of the founder run all the main divisions and retain close financial control. Yet from that parochial background, the company has grown to be the second largest independent bus manufacturer in Europe, and a major international name in the

major international name in the industry.

Its export vocation stems directly from the limitations of the Belgian market. "All bus manufacturers have to rely on exports, because the Belgian market is so small." Mr Jozef Charles is so small." Mr Jozef Charles is so small." Schools, assistant to the manag-ing director, says. "In this mar-ket we only have about 500 pos-

Recent government austerity measures have reinforced that need, by putting a virtual stop to all new buying by public bus

"There has been a complete stop on public investment since 1983, and they have extended the working life of the buses, first from 10 to 12 years, and now to 15 years. We have had to raise our export figure from 65

INCONSECTION ! to 80 per cent of our produc-tions." Mr Schools says. Van Hool began life as a bus body-builder on other manufacturers' chassis, a role which still forms the largest part of its production, particularly for the export market. Since 1957, however, it has also been building its own chassis to make com-plete Van Hool vehicles, with 75 per cent Belgian content. In 1975 it added industrial vehi-

ing and co-operating with the major bus chassis manufac-turers, for whom they also act

thrers, for whom they also act as sub-contractors.

"We may be co-operating with Volvo in Bangkok for a joint order, and simultaneously competing with them for a public service order in Belgium," Mr Schools says. "We have to act in a very correct way. We may be approprized way. We may be approached for the same order from Mer-cedes of Volvo. It is rope-dancing. We have to keep our

VANTOOL

A company like Van Hool cannot hope to compete with giants like Mercedes on mass production — producing buses almost like cars. What it can do is compete in terms of matter. is compete in terms of custom-built design, and speed of

delivery.

"There will always be a need for a master tailor," according to Mr Schools. "A product has to be adapted to local geography and climatic

"When a big export contract presents itself, you must be ready and willing to do it. Contract discussions can take so long that delivery times are very short. We can be very

Last month, for example, the fact of 300 buses was completed for an order for the Nigerian capital, Lagos, signed only last

A key to the company's A key to the company's success has been its young, experienced and motivated workforce: average age 33, average length of service nine years. They are drawn from the surrounding villages, and as far afield as the Limburg coal mines, some 50 miles east. There is a very clear feeling of cois a very clear feeling of co-operative effort about the whole plant, and an obvious identifica-tion with the quality of the end

product.
The company's biggest steady

variety of custom-built trailers, including gas and liquid-carrying tanks.

The range of its operations means the company has to perform a difficult balancing act in the market between competing and co-operating with the and 100). The UK market is important but erratic, Van Hool is the largest importer of "bodied" vehicles with some 70 per cent, and sold 200 in the year immediately after deregulation. Currently, however, the market is in "terrible shape" according to Mr Schools, with only balf the number of vehicles being replaced which one might expect.

one might expect.

Africa is the biggest market outside Europe with Van Hool bodies used on a range of different chassis from Luanda to Algiers and Lagos to Kam-

to Algiers and Lagos to Kampala.

Van Hool teamed up with Volvo as a major competitor against British Leyland for a 4,000-bus contract for Bankok — which would have been the largest order ever placed — only for the Thailand government to get cold feet about the foreign exchange cost.

The company does not use intermediaries but employs its own sales teams, permanently based in its major European markets, and flying to other countries. It prides itself on after-sales service: in Algiers it sold 50 buses in 1977-78, and today the fleet remains "95 per cent available."

"We have two men permanently based in Algeria, just driving from depot to depot ensuring that they have the spares and the know-how to keep the buses on the road," Mr Schools says.

says.

The company sees itself as having a vocation to build up a genuine Belgian bus industry. based on its own technological

knowledge.
"Belgium has always been a testing ground for new ideas in the automotive world. No-where else will you find such a diversity of vehicles," Mr

Schools says.

"Our big worry is that while we are trying to establish a Belgian bus-building technology, we have to live with all these foreign competitors trying to get their part of the market, even a small one, just as a test-

We have to compete with everybody. Our authorities are much less chauvinistic than the

French or the Germans." Quentin Peel

Japan seal of approval

THE DEAL that currently pleases John Cordier most is his breakthrough in Japan. He was looking for a real seal of approval for the new range of modems (for linking computers and terminals through tele-phone systems) produced by his newly-independent company Tehnous.

He decided that the toughest and the best, would be to win the approval of the Japanese telecommunications glant, Nippon Telephone and Tele-graph (NTT), by winning the right to tender for NTT

"First of all you have to be a certified supplier," says Mr. Cordier, managing director and driving force behind the Brussel-based data communications company. "They consider your technology, your production facility, and your financial structure. structure.

"I wanted an audit on our products and we decided to take the most difficult. We decided to hit Japan, and NTP in

The result was successful and The result was successful and last year Telindus won its first NTT contract, with the first modems due for delivery next month. "We are very proud that we are the first non-Japanese modem venture to provide them with modem equipment," Mr Cordier says.

This exercise is typical of

This exercise is typical of the energetic self-confidence of Telindus since it first came into hostile world in 1969. Now it is regarded as one of the leaders in Belgium's growing

high-technology sector.

Telindus began as the brainchild of Mr Cordier and two
colleagues when their Dutch
employer pulled out of Belgium at the end of the 1960s.

They take every the help infer-They took over the basic infra-structure of the engineering office and cast around for a suitable business. They decided on data transmission

Telindus

poration had an exclusive contract with Siemens, the West German multi-national. At the high-speed end the market was dominated by IBM, the US computer giant. We didn't start in an ideal

environment," says Mr Cordier.
"But we thought we could be successful because of one shortcoming in the market: the end user was faced with a new application and he didn't know much about it.

much about it.

"We were small and aggressive. We had the courage to go around and tell people what we thought data transmission

was all about."
Telindus signed an agreement with Racal-Milgo, then one of the few manufacturers of datacommunications equipment in the world, and began life as

an importer.

"We seized the opportunities of the local market. Large organisations were not all that interested in systems work. We were confronted with customers who wanted something special.

We supplied their specialist needs."
In 1972 the company had its In 1972 the company had its first big chance. Kredietbank, number three of the main Belgian banks, wanted 650 connections for a data communications system between its agencies and branches. It was the biggest such system in Europe at the time and it was installed ahead of schedule.

Since then Telindus has had

Since then Telindus has had more than one incarnation: it more than one incarnation: it was taken over in 1972 by Gardy, a Belgian electronics company, which in 1981 was swallowed up in the French Empain-Schneider group. John Cordier decided to break away. In 1982 he organised a management buy-out which set Telindus on its present course. Finally, in June last year, it was the first company to be

was the first company to be launched on the Brussels Stock Exchange's "secondary market"—the Belgian equiva-lent of London's unlisted

lent of London's unlisted securities market. Its 339,600 shares were 20 times oversub-scribed.

In the past year Telindus has broken its link with Racal-Milgo and marketed a full range of its own products. "Our range of its own products interest." main supplier lost interest," said Mr Cordier. "As his overall market increased he did not

want to supply all the specialist needs. That is how Telindus got back into the modem business." The company's first export venture was predictably into neighbouring Luxembourg, where the concentration of banks and financial institutions

provides a potentially lucrative data communications market. In 1977 Telindus set up a in 1977 Telindus set up a joint operation with, of all unlikely partners, Arbed, the Luxembourg steel company. Arbed was looking for new jobs for redeployed steel workers and Telindus offered to take three or four. The result was the joint venture.

The company's annual report

The company's annual report for 1985 is clear proof of its rapid expansion: turnover jumped 24.5 per cent to BFr 1.53bu, reflecting a 24 per cent increase in Belgian sales and a 32 per cent leap in exports. After-tax profits reached BFr 140m, up 51 per cent.

Market saturated with beer

BEER-DRINKING is more than beer drinking is still on the just part of the Belgian way of life. It is one of the unifying forces in a divided nation, crossing the cultural divide with a bewildering variety of dark beers, light, beers, sweet beers and Asia. and sour beers, brewed since time almost immemorial.

Per capita consumption of beer ranks second only to West Germany's heady level: it is 125 litres a year in Belgium, com-pared with 144 litres for German drinkers, and a mere 87 litres in the neighbouring know-how.

"This market is completely saturated," says Mr Philippe Coppé, executive committee member of the Artois group, the country's largest brewing group. "Beer consumption is declining. If we want to grow we have to look outside."

Over the past two decades the Belgian brewing industry and cheaper to operate than other brewers," said Mr Goppe. "We design the breweries and has undergone a drastic process of consolidation: the prolifer-ation of small breweries (there were more than 3,000 around 1900) has shrunk to just 124. At the same time the big names like Stella Artois, Jupiler and Maes, have greatly expanded their market share.

Brasseries Artois, based in the university town of Louvain (Leuven) east of Brussels, has increased production sevenfold since the 1960s, from some 1.3m hectolitres per year in 1960, to more than 9m hl last year. In the process, the group has grown to include almost 100 companies.

The brewery traces its origins back to 1366 and its name to the Artois family which controlled it in the 16th century. It is still in private hands, the major shareholders being the de Spoelberch and de Meyius ramilles.

Mr Raymond Boom, who as single-handedly responsible for the expansion in the 1960s and 1970s, has stepped up to become chairman, and a fiveman executive committee has taken his place.

That reorganisation has coincided with a new drive for diversification from Belgium's basic markets — France and the Netherlands.

In April Artos joined forces with a rival Belgian brewery, Piedboeuf, to set up Artois Piedboeuf International, to coordinate their international sales and investment drive. Top priority is southern Europe — Italy and now Spain and Portugal since they joined the EEC this year — where

Exporting beer as such from

Artois has won two major

Belgium is not the Artois ambition, the trend is rather to

build up direct investment

SOCIETE GENERALE DE BELGIQUE

The 1985 accounts show a profit of BEF 2.8 billion, 42.9% up on the previous year. As at 31st December 1985 the value of the company's investments was estimated at close on BEF 70 bil-fion against BEF 57.3 billion in 1984, while shareholders' funds totalled BEF 45.5 billion.

foreign breweries, either as partner or sole owner, and to sell the company's management provide technical assistance, inskills, technology and brewing cluding training Chinese brewers here in Louvain." The group also provides tech-nical assistance alone—for exbrewery technology contracts for China, one as sub-contractor ample in keeping brewerles on to the French company Technip and the other with the Belgian stream in southern Angola during the civil war.

"We are looking for geo"Our technology is such that
we have been able to sell a process which is cheaper to install
"We are looking for geographical diversification," Mr
Coppé added. "We are not interested in hotels or fast foods." Apart from speciality beers, Artois is also expanding in soft drinks production. It owns 30

strategy in the areas of interna-

tional trading, financial en-

gineering and electronics. tele-

communications and media.

per cent of the Spa mineral water and soft drink group, although it is not involved in

company management.
On the external front Artois is relying on its new alliance with Pledboeuf, set up with a capital of BFr 1.5bn, to find new markets.

"Belgium currently exports 18 per cent of its beer output," Mr Coppé said. "That is less than Holland but proportion-ately much more than the French, Germans or British are doing. We are late in moving, but we want to catch up now We intend to become one of the top three producers in Europe." Only the vast and thirsty West German market still looks effectively close, even if the Bonn Government loses its current case in the European Court to keep to rigid purity

Quentin Peel

REPORT 1985

Accounts for the 1985 financial year and the payment of a net dividend of BEF 103 on ordinary shares (against BEF 96 for 1984) and BEF 131 net for AFV shares (compared with BEF 107.50 for

Other major events in 1985 included an international share issue on the European capital market, the pursuit of the rearrangement of the company's investment holdings (GECHEM, CMB, etc) and the

The Extraordinary General Meet-

ing which was held after the Ordinary General Meeting appany's share capital through a one-for-ten rights issue at a price of BEF 2,600 per new share. The public subscription period will run from 22 May to 5

The Company's Annual report can be obtained from Société Générale de Belgique-Generale Maatschappii van België Information Department, Rue Royale 30, B-1000 Brussels using the reply coupon below

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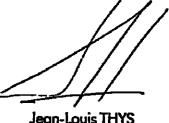
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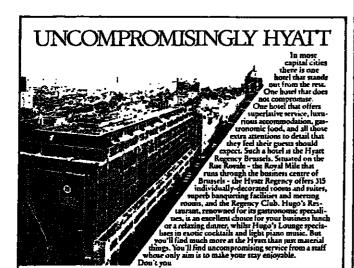
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Food

A good meal is central to family life

A SENIOR executive of a multinational food company nearly missed his plane to Nervariant few specialist shops in late

pring.

Disappointed, he was told by

boughty assistant, the crisp and haughty assistant, "The season finished yester-

At 72, proprietor, Mr Théodore Bernard has just retired from the family business, but he still comes into the tiny office each day "to keep an eye on things."

Bernard's shop is the quintes-

sence of the Belgian Good Life, with its respect for quality and devotion to detail. Three generations of loyal customer gener-been coming, over 150 years, to buy fresh foie gras, oysters, plovers' eggs and caviar.

an awful lot of caviar when Khomeni was first around. No quality control."

Mr Bernard caters for a clientele which has always had a part to play in the Brussels social scene, and which seems "They are very demanding, fromages, or simply beurre, very difficult and very rich,"

Says the owlish M. Party. says the owlish Mr Bernard from behind a pile of bank

The shop supplies only the freshest and most recherché produce — at a price. Each eason has its speciality, from partridges from Holland, wild example, the citizens celebrate boar, young fawn, and live the Assumption with a feast of

the expensive marvels of patisserie, chocolate and charcuterie available in the shops, it is not just the rich who love their food. The role of a good their food. The role of a good meal is central to family life, something which is taken seriously at all levels of society. Even in the school bus, children will hotly debate the relative merits of the fritures where

they will buy their lunchtime paper cornets of chips, complete with dollop of curry sauce, picallili or mayonnaise.

"Look at this," says Mr
Robert Piérard, Mr Bernard's
right-hand man, waving a round
blue tin under my nose. "The
Iranians are sending us decent
stuff again. We had to return
stuff again. We had to return in green herbs) or beef stewed

"We are brought up to appreciate good food," says Bernard. This reverence is nothing new. Rabelaisian feasts are a feature of early Flemish paintings, and every town in Belgium seems to have street names celebrat-

The importance of eating well is continuously reinforced by the enduring traditions of family life, with Sunday lunch with granny a weekly treat for nearly everyone. Then there is the continuing observance of ancient folklore, especially the early Malines asparagus in carnivals which are extremely December, to the passe pierre varied and rich in Belgium crunchy seaweed from Brittany and are closely linked with food. in March. Later, there are In Liege, on August 15, for



pancakes stuffed with currents and sprinkled with the local liqueur called peket. While in the Brabant village of Oro-le-Petit, the annual festival centres around the new crop of green cabbages used in the preparation of the local specia-

It would be unthinkable for a Belgian family not to eat together. The Anglo-Saxon idea of nursery food at nursery hours, and the American-style snack-on-the-run are equally alien. Sitting together at the consumed with great gusto and washed down by a local beer called Le Fruit Défendu because of its considerable alcoholic strength.

r boudin vert.

The whole bucolic feast is sanctified by frequent pious references to the local Saint Adèle, best known for her powers to heal the blind. No visitor to Belgium could fail to be impressed by the variety and quality of its food, though genuinely regional dishes are found more often at local kermesses (village fetes)

and in private houses than in restaurants.
From the mussels cooked in beer and scallops with bacon and chervil of the Flemish coast, to the wild boar with juniper of the Ardennes forest, each region has something

original to offer.
Yet there is a tendency to over-generalise about Belgian food. It is often regarded as a northern extension of France, and many of the classic French

flair. The countries use common highly flavoured, are the basis ingredients, and are closer in their interest in cooking than with their Dutch, German or of regional stews and sauces.

Cakes and pastries, such as cramique (spiced fruit bread),

waffles and many tarts like the vegetable and cheese djotte

from Nivelles and the maton from Mons (made with sour

and sweet tastes such as rabbit

Midge Shirley, whose book A Taste of the Belgian Provinces

was a best seller, say that much of what is now called nouvelle

cuisine was already embedded in the traditions of Belgian

regional dishes.
It was once said that the

language division in this small country extended to its food:

the Flemish were gournands (glutions) but the Walloons were gournets (connoisseurs).

It may be that rich and hearty stews such as Waterzool

and carbonnades, are more comand carponnaues, are more com-mon in areas lashed by the northerly winds, but this generalisation is probably just a refinement of the prejudice

you must be Belgian, because you eat so much of everything."

tx: 61871). Hotel Métropole,

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1280; tx: 24051).

Brouckère (tel: 217.23.00; tx: 21234).

Avis, Rue Américaine (tel: 537-

Europear Boulevard Brand Whitlock (tel: 735-9050; tx:

24335). Hertz, Boulevard Lemonnier 8

Pamela Readhead

Place

rupted.

British neighbours.

However the roots of Belgian cooking go back further than its links with France, and owe a lot to its turbulent political milk) can also be traced to the Middle Ages. Belgian cuisine could have disappeared in the succession of foreign invaders, but instead

Belgium has been subjected centuries, fought over and occupied by the Spanish, Germans, Dutch and French. It also became an important crossroads of trade routes, which enriched the variety of

Given the basic resources of rich soil, temperate climate, abundant fish and game, the Belgians were off to a good start and legend has it that the Romans found the locals already tucking into wild boar

already tucking into wild boar with chicory, and drinking cervois beer.

The Romans brought new spices, wines and fruit, which enhanced the rough local fare, but many specialities originated in the Middle Ages.

The abbey farms had good supplies of milk boney fruit

supplies of milk, honey, fruit and flour, and because the monks were usually forbidden meat, they tended to turn their creative energies into trans-forming humble raw materials into cheese, pastries, beer and liqueurs.

Even today, many Belgian cheeses are still produced by monks, as are several of the country's 400 beers. Many beers

Useful facts and figures

Guide and facts and figures provided by World of Informa tion. Tel: 0799 21150.

Chambers of Commerce Chambers of Commerce
Antwerp-Kamer van Koophandel
& Nijverheid van Antwerpen,
Markgravestraat 12, 2000 Antrerp (tel: 232.22.20; tx: 71536).
Bruges—Kamer voor Handel en
Nijverheid voor het Noorden,
van Westvlaanderen, Ezelstraat
5 2000 Brugeg (tel: 33.36.98; 25, 8000 Brugge (tel: 33.36.96; tx: 81282). Brussels—Chambre de Com-

merce de Bruxelles, Avenue Louise 500, 1050 Bruxelles (tel: 648.50.02; tx: 22082). Charleroi.—Chambre de Com-merce et d'Industrie de Char-leroi, 1 Avenue Général Michel, 6000 Charleroi (tel: 32.11.60;

tx: 51624). Ghent—Kamer van Koophandel & Niverheid van het Gewest Ghent, Building Lieven Bau-wens, 15 Martelaarsin, 9000 Ghent (tel: 25.33.07; tx 11871). Liege—Chambre de Commerce

Ghent (tel: 25.33.07; tx 11871). Liège—Chambre de Commerce et d'Industrie de Liège, Rue des Augustins, 46, 4000 Liège (tel: 23.62.11 or 23.66.86). Namur—Chambre de Commerce et d'Industrie de Namur, Place d'Armes, 5000 Namur (tel: 22.57.91).
Ostend—Kamer voor Handel en Nijverheid van Oostende 2 Wapenplein, 8400 Oostende (tel: 70.17.07; tx 82057).
Tournai—Chambre de Commerce et d'Industrie de Tournai, 9B Placette aux Oignons, 7500

9B Placette aux Oignons, 7500 Tournai (tel: 22.11.21). Other addresses Association of Belgian Contractors (ADEBOM), Avenue Grand-champ 148, B—1150 Brussels (tel: 2/771.61.08; tx 21449). Belgian Association of Inter-national Trading Houses (ABNEI), Israelietenstraat 7, (tel:

B-2000 Antwerp 3/232.75.47; tx 3158). 5/22-10-11; ix 3-105).

Belgian Foreign Trade Office (DBH-OBCE), Boulevard Emile Jacquain 162, B—1000 Brussels (tel: 2/219.44.50; tx 21502 bexpo

which led Victor Hugo to make a famous remark. When his restaurant neighbour observed Belgium National Tourist Office, 61 Rue du Marché aux Herbes, that Hugo must be French because of the quantities of bread he ate, he replied: "And 1000 Brussels. Centre d'Information de Presse centre d'imormation de Presse (news agency), 38 Avenue des Aris, 1000 Brussels. Chambres des Agences-Consells en Publicité (CACP), 28 Avenue due Barbeau, 1160 Brussels (tel: (02) 672 2387). Commission de la Bourse de Brusselles (Stack Problemes)

Bruxelles (Stock Exchange), Palais de la Bourse, Place de la Bourse, Brussels. Committee of Belgian Consult-

ing Firms (BUROBELL), Avenue Louise 430, B—1050 Brussels (tel: 2/648.10.55); tx: 2159 Cebi b). Fédération des Enterprises de Belgique (Belgium Business Federation), 4 Rue Ravenstein, 1000 Brussels (tel: 2/511.58.80; tax: 26756 febb). INBEL (Belgian Institute for information and Documentation), Rue Montoyer 3, B-1040 Brusels (tel: 2/512.66.68; tax:

Inbel B 21.716). Institut National de Statistique, 44 Rue de Louvain, Brussels 1000.

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Ministry of Economic Affairs, Square de Meeus 23. B—1000 Brussela (tel: 2/512.66.90; tx: 21062 ecobel b). National Credit Insurance Office

(tel: 513-2886; tx: 26015). Inter-Rent, 255 Avenue Louise Inter-Rent, 235 Avenne Louise (OND-ND); Square de Meens (tel: 640.94.00; tx: 64202).

European Commission, 200 Rue 2/512.33.00; tx: 21147 ondb).

de la Loi, 1049 Brussels. (tel: Office Belge du Commerce 235-1111).

European Communities Council Boulevard Emile Jacquain 162 (tel: 219.44.55). 235-111).
European Communities Council of Ministers, 170 Rue de la Loi, 1048 Brussels. (tel: 234-6111). (tel: 219.44.56). Tourism Information Bruxelles

(TIB) (The Brussels Information Centre), Rue du Marché aux Herbes 61 (tel: 513.89.40).

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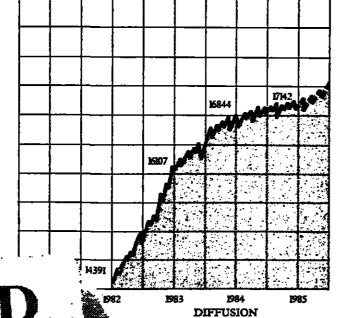
Ekonomische

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Time: GMT+1 (GMT+2 from bined tickets allowing for stop- Brussels Europa Hotel, 107 Rue early April to late September). Climate: temperate, with warm weather from May-September. Special shuttle service tx: 25121). Brussels Sheraton Hotel, 3 Place Summer temperature averages Station. Express trains (TEE) around 18 degrees C, winter ensure rapid connections with around 1 degree C. Entry requirements: visas not required by nationals of USA, Japan and most Western European countries for period of up to three months. Water: over 1.500 km inland 38 Boulevard de Waterloo (tel: waterways. Service operated by 513.88.77; tx: 22744). Administration des Voies Hyatt Regency Brussels, 250 connect with major French and tx: 61871). Currency: no restrictions on Cerman cottes. Hilton International Brussels, 38 Boulevard de Waterloo (tel: vaterways. Service operated by 513.88.77; tx: 22744). Administration des Voies Rue Royale, 1030 (tel: 219.46.40; connect with major French and German cities. Hilton International Brussels, 88 Boulevard de Waterloo (tel: vaterways. Service operated by 513.88.77; tx: 22744).

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BFr 68.50 to the pound. Customs: personal effects and goods (up to the value of Variable: Easter Monday, BFr 25,000 for non-European Ascension Day, Whit Monday. residents and BFr 7,500 for Trade fairs: several inter-European residents) duty free. national exhibitions, of which

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centre.
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and chambers of commerce. Main Cities: Brussels (pop 1m), Ghent, Antwerp, Charleroi, Bruges, Liège and Namur. Hotels: advisable to book hotel or pension in advance either direct or through Belgium Tourist Reservations. No bookings can be made through national tourist office. All tariffs must be displayed by law. Average cost of hotel room with breakfast BFr 3,500/night. Service charge usually included. Total hotel room capacity of Brussels area is 8,420.

Car hire: available at airports and in most main towns. Speed limits: urban roads 60 kph, main roads 90 kph. Minimum speed

on motoways 70 kph.
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Taxis: readily available. Standardised fare system, which includes service charge. Buses/trains: regular flat fare tram and bus service. Metro: expanding network in Brussels. National transport

National transport
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Rogier, B-1000 (tel: 219.34.00; tx: 26887).

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> (Mon-Fri) 09.00-16.30; shops (large variations) typically 09.00-20.00.
>
> Press: over 30 dailies in both

> French and Dutch, including Le Soir (French), De Standard (Dutch), De Morgen, La Libre Belgique and Het Laatste Nieuws. Various magazines and journals covering political and economic affairs. Principal business papers/magazines: L'Echo de la Bourse, De Financieel Ekonomische Tljd, Tendances, Trends, Prospects, Bulletin. Telecommunications

> Telephone: local and international dialling (00). Cost of local call BF 5/unlimited time. International dialling code 32 + 2 for Brussels. For 'telefax' transmission of documents dial 931 or 951. Telex: available in most major

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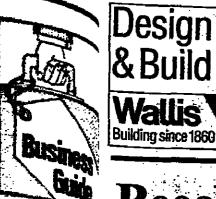
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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday June 13 1986



Beecham plans to sell non-core businesses

BY MARTIN DICKSON IN LONDON

its home improvement products division - in a strategy review de-signed to improve its dull financial performance and restore investor

The review was set in motion by Lord Keith of Castleacre, the com-pany's chairman, and Mr John Robb, its chief executive, following a boardoom coup last November which ousted Sir Ronald Halstead from the chairmanship after just 15

months in office. Lord Keith said yesterday that trate on developing its core health limited exceptions, it will dispose of operations outside this area.

provements products, which in the target of a takeover bid Lord sification was cludes the well-known gives Un- Keith sought to pour cold water on had hoped.

Hewlett

Packard

seeks job

reductions

ness in the UK, provided an accept so by now, able partner can be found for its. The group has been looking for a Campari and Remy Martin agen new executive chairman since Nocies; and Germaine Montell, a loss vember. Lord Keith said that some

per cent of group turnover. the same time as it announced

BEECHAM, the pharmaceuticals ibond and Copydex and is based this yesterday, saying there had and consumer products company, mainly in the UK, US, France and been no serious approaches. He yesterday announced plans to sell west Germany, the Findlager, thought that if something was gooff non-core businesses – including Mackie Todd wines and spirits tusting to happen, it would have done

making US cosmetics business. one had almost been lined up a few The company would not disclose weeks ago, but at the last minute any financial information about discussiones outside his and our these businesses beyond saying control" meant he was no longer that they represented less than 10 available. available.

Beecham is now talking to two

The new strategy was unveiled at possible American candidates, al-1985/86 pre-tax profits of £303.8m, up its original hopes of getting a only slightly ahead of last year's pharmaceuticals specialist. It has £299.8m. However, both the new also to appoint a new finance direc-

policy and the figures were in line with market expectations and the shares closed unchanged at 393p.

Since the departure of Sir Romade in 20 years. It only entered Three businesses have been put sale important the home improvement business up for sale immediately, home improvements products, which includes the mell-program about 15 to 1

French financial giant

BY DAVID MARSH IN PARIS

HEWLETT-Packard, the US electronics group, is to offer an en-banced early retirement pro-gramme to its US staff in an effort

o reduce its 56,000 US workforce by The company, based in Palo Alto, California, says it will offer the programme to 1,800 long-service em-The institution, which plays a powerful role in distributing funds ployees and will also offer volun-

tary severance incentives to selected other employees.

Hewlett says the job cuts, which
will be voluntary, are not in response to any short-term reduction in its business, but are intended to "address workforce imbalances in some of its US facilities created primarily by improved manufacturing techniques and the changing composition of HP products."

The company explained yester-day that many of its products were made of far fewer parts than before, which reduced the need for

manufacturing employees. The early retirement programme will be available on a one-time basis, to US employees who are 55 or older with at least 15 years of service to the company. Those participating will receive half a month's salary for each year of service up to a maximum of 12 months' salary.

Nixdorf maintains 20% growth

By Our Financial Staff

NIXDORF, the West German computer group, told shareholders yes-terday that group turnover so far in 1986 had been growing at the 20 per cent rate that it had averaged in recent years.

Speaking at the annual meeting, Mr Klaus Luft, the managing board chairman, said incoming orders had been good, creating the foundation the rest of 1986.

Mr Luft said Nixdorf would strive to bring about a marked improvement in results. He gave no specific profit forecast for 1986, however.

Nixdorf raised its 1985 dividend to DM 10 (\$4.41) from DM 9. Turnover increased by 20 per cent to DM 3.93, while net profit rose to DM 172m from DM 120.3m.

Mr Luft, who became chairman after the death of founder Heinz Nixdorf in March, said Nixdorf would seek to list its shares on the more than offset by the fact that op-Paris and Vienna bourses, Nixdorf shares are already listed in Zurich,

forced to concentrate

in deposits accruing to it from the French savings network. CDC said its balance sheet total

rose only slightly last year to FFr 1,172bn (\$166bn) from FFr 1,155bn in 1984, a 4 per cent drop in real terms, Mr Robert Lion, its managing director, said yesterday.

powerful role in distributing funds to local authorities as well as in financing roads and council housing.

Inancing roads and council housing.

Droad consolidated net profit in 195, rase to FFT 356 in front FFT 195, rase to FFT 356 in front F

CDC has been trying to develop in insurance.

In insurance in insurance.

Drouot will take over 94 per cent of the capital of Providence under

71.5 per cent to FFr 53.7bn. However, a switch of French sav-restructuring being planned by ings into longer term instruments Schneider, Mr Bebear said.

CAISSE des Depots et Consigna-tions (CDC), the mammoth French financial institution under parlia-mentary control, was forced to can-disposable resources last year. centrate leading activities on key • Drouot Assurances, the big sectors last year because of a drop French insurance company owned French insurance company owned by the private sector Axa group, recasts a further increase in

group profits this year following the recent takeover by Axa of the Providence insurance concern. Mr Claude Bebear, the chairman of Axa and Drouot, said yesterday that Drouot net consolidated profit was likely to rise to FFr 513m. (\$72m) in 1985, or FFr 43 a share,

for stagnation in its mainstream the terms of the finally agreed take It increased further its share of the increased further its share of that, as planned, the Schneider the market for mutual funds last group will divest by the end of the year, where total assets gathered that, as planned, the Schneider the market for mutual funds last group will divest by the end of the year, where total assets gathered year its 10 per cent share in Providence. In return for the shares, 71.5 per cent to FFr 53.7bn.

Drouet could take part in financial

Kuehne & Nagel lifts profits 16 per cent

KUEHNE & Nagel, the international forwarding agents, booked a 18.7 per cent rise in net profits last year to a record level of DM 36.1m (\$15.9m). The dividend paid to the joint shareholders, Mr Klaus-Michael Kuehne and the Lourho group, is to be increased from 10 to 14 per cent.

Speaking in Zurich yesterday, Mr Kuehne said that 1986 should be another good year for the group. However he drew attention to current business conditions and the drop in exports to the US, which made it questionable whether results would be at last year's levels. The 1985 increase in earnings took place in the face of a fall in

group tirrnover by 6.4 per cent to DM 4.91bn and a 1.8 per cent de-cline in gross profits to DM 692m, both reflecting the weaker dollar. According to group finance direc-tor, Mr Bruno Salzmann, this was erating costs had risen in D-Mark terms by only 5.8 per cent as the re-sult of a long-standing cost aware-

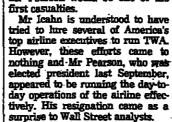
ness programme.

Of the net-profits total, about DM 13.5m was accounted for by the Swiss-based Kuehne & Nagel International, DM 11.8m by the German division and the remaining DM 10.8m by the Western hemisphere operation in Wilmington, Delaware. Business is reported to have developed best in a number of European countries, in the 'US' and in

Mr Kuehne told journalists that the group had an "exceptionally fa-vourable liquidity position." This would enable further acquisitions or participations to round off existing activities in such fields as goods forwarding, ship broking, travel agency operation and insurance ag-encies.

Amongst new markets, Mr Ku-

ehne said the group would aim at building up its initial presence in China and India. In the medium term Kuehne & Nagel also intended to strengthen its activities in such areas as Scandinavia, Africa and



President

resigns

in TWA

struggle

Pearson's resignation.

Mr Richard Pearson, 51, has re-

Mr Richard Pearson, 51, has re-signed as president of Trans World Airlines (TWA) after a power struggle at the top of the troubled international airline, which has been hit by serious industrial un-rest and the drop in US tourist traf-fic across the Atlantic, its major

It is understood that Mr D. Jo-

seph Corr, who recently joined TWA as a vice chairman after work-

ing with one of Mr Icahn's other af-filiates, will assume most of Mr

Pearson's responsibilities. Unlike Mr Pearson, a 20-year TWA veter-an, Mr Corr has had no experience

Mr Icahn, who only six months ago issued a public statement deny-

ing rumours that he was looking for

a replacement for Mr Pearson, went out of his way to praise TWA's

departing pressuent.

"Dick's efforts were indispensable in returning TWA to normal operations during the flight attendants' strike. All of us at TWA owe

Dick a sincere vote of gratitude," he

gest opponents to Mr Icahn's efforts

to win control of the airline and

when the financier won control that

of the US airline industry.

TWA lost \$132.6m in 1985 and another \$169.6m in the first quarter of 1986, of which \$45m was blamed on shorts, the flight attendants' strike. TWA shares, which have traded as high as \$23 last year, slipped by \$% to \$14% in early trading yesterday.

Executives to 'reconstitute' Genstar

By Robert Gibbens in Montreal THE TWO top executives of Genstar Corporation, now 98 per cent owned by Imasco, are negotiating a leveraged buy-out of some of Gen-star's non-financial services assets.

Mr Angus MacNaughton, chairman, and Mr Ross Turner, president, said in Toronto that they were interested in buying some of the assome form."

Imasco is retaining Canada Trustco, seventh-largest Canadian financial institution, but expects to sell off the rest of Genstar's assets as soon as possible, including waste management, real estate, marine services and building materials

This would reduce the net cost of Canada Trustco to about C\$1.6bn

OIL SLUMP AND WEAKENING PROPERTY MARKET BRING WAVE OF DEFAULTS

Dallas developers bite the dust

erty developers in Dallas – hit by a G. Reese, a local developer, owes ready glutted office market. Among softening real estate market and \$24.8m and 100 acres of land near companies seeking sub-tenants for low oil prices - was emphasised this Dallas/Forth Worth international week when more than \$110m worth of property in the US city was posted for foreclosure.

auction them on July 1 on the court

The property in the latest batch

airport, on which Triland investment group owes \$32.8m.

Many Dallas developers are fac-Banks and savings and loan asso-ing cash-flow problems. Research-ciations post property for foreclo-sure when borrowers fall behind on ly completed apartments offer rent loan payments. If debts on the lat-lost batch of foreclosed assets are 12 months, while incentives for leasing office space frequently include a buy-out of the tenant's exist-

ing lease.
This, with retrenchment in the oil

surplus space is Arco Oil and Gas. [all into foreclosure. This week's foreclosure list in-

cludes four apartment complexes owned by limited partnerships set up by Mr Craig Hall, a Dallas real estate syndicator, whose \$2.5bn em-pire has come under increasing In January Mr Hall announced

THE GROWING pressure on prop-surance Plaza on which Mr Louis flood of low-cost space on to an al-placed five partnerships under ready glutted office market. Among bankruptcy court protection as well as allowing several properties to

> Mr Hall recently signed a con tract to sell his Hall Savings Association of Dallas, which has assets of \$5.2m and net worth of \$3m, to an unidentified investor group.

He is negotiating to sell his other thrift, Resource Savings of Deni-son, near the Texas-Oklahoma borthat he was seeking to renegotiate eration with assets of \$450m and some \$500m of debt, and has since net worth of \$17m, lent primarily to

Market opens in UK property shares

BY WILLIAM COCHRANE IN LONDON

A BREAKTHROUGH in the UK investment markets came yesterday erected by S. & W. Berisford and vestment markets came yesterday when investors were offered shares in a landmark City of London office

investment property in Britain, and could herald a spate of similar of-fers involving commercial proper-ties – other City of London offices, or shopping centres or business parks throughout the UK.

route.

Mr Carl Icahn, the Wall Street fi-A total of £81.2m (\$92m) is being raised by a public offer of bonds nancier who acquired control of TWA earlier this year after a bitter and shares representing a financial interest in Montagu House, a takeover battle, announced Mr

redevelopment of Billingsgate fish market on the north bank of the The offer follows a scheme de-

vestment bank, Goldman Sachs International, and London merchant banker Baring Brothers. The shares and stock will be listed on the Luxembourg Stock Exchange. London Stock Exchange

made plans for a secondary market the flotation.

cupied by merchant bankers Samuel Montagu at a rent of £5m a year rules do not yet allow for such a list- agreed in July 1984, has been val-

vestment property are common in the US, and have also occurred in Brussels.

Goldman Sachs and Barings have City Securities, as the vehicle for

BCS is making a public offer of would be able to trade their invest- £52.5m nominal of deep discount vised by the American-owned in- ments on a daily basis on conven- first mortgage bonds to raise tional dealing spreads. The two £35.4m gross of expenses, and banks are committed to maintain25.79m preferred ordinary shares at ing the market for 20 years.

100p each. S. & W. Berisford, the commodity trader which has been the target of a variety of predators

Sunshine offers to swap silver bonds

BY OUR DALLAS CORRESPONDENT

xed bonds, amounting to a total of \$115m, for new bonds which are indexed to higher amounts of silver and have higher interest rates and earlier maturities.

SUNSHINE Mining Company, the beleaguered US silver, oil and gas ments, which called for the annual producer which has closed its big-redemption of a percentage of each gest silver mine until prices recov- of the original issues, will be elimier, has offered to exchange all four nated, and interest will be payable outstanding issues of its silver inde- either in cash or by transfers of common stock.

The company says it is making nancing and operating flexibility preferred dividends it had a first- be improved by % per cent.

Under the terms of the offer, the indexed principal amount of silver change will be due in 1995 and will for the three bond issues due in

The same interest rate incres applies to the 9% per cent bonds due in 2004. But the bonds offered in exbe backed by 72 oz of silver instead of 58 oz. Alternatively, bond holders 64 oz and two of the maturities will may elect to receive 250 shares of be shortened by one year. Interest Sunshine common stock instead of

April 24, 1986

All these Bonds have been sold. This announcement appears as a matter of record only.

NEW ISSUE



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Bausch & Lomb eyes European market

BAUSCH & Lomb, the world's largest the company's largest single busiest producer of contact lenses, this week embarked on a plan to raise its profile in Europe, where it sees or, with operating profits of \$44m is barriers to optical retailing falling. the strongest growth prospects for last year, 34 per cent of the total.

The Rochester, New York group, whose pioneering soft contact lenses made it a Wall Street favourite in the early 1970s, has since undergone a major restructuring in-volving the sale of its industrial products businesses and some traditional eye products like leases

where seven years ago to become promotion of contact lenses by optilenses and solutions are less strin-

Senior executives were in London yesterday talking to UK investment institutions in an attempt to raise the company's corporate visibility. Listings on the London and Tokyo stock exchanges are a possibility, and the group is keen to make ac-

and frames for glasses.

In the process, eye care solutions, ing the situation in the UK closely, used mainly for the cleaning of continuous from no
The company sam it was wanted.

Despite national boundaries with memory agreesive latory-barriers to clinically properties are less stringer. The company said it was watchtact lenses, have come from no- tion was leading to more aggressive

and hopes to expand its share of the fast-growing solutions market — where its market shares lag behind those for contact lenses.

In the US, B & L has 38 per cent of the \$630m-plus solutions market, more than twice the share of its nearest competitor, and would almost certainly meet anti-trust objections to expansion by acquisi-

sales of newer contact lens products such as gas permeable lenses, which allow the eye to breathe. Outside Europe, B & L is attract

ed by opportunities in China and In-

dia, where the situation for the con-

tact lens business is described as penetration nil. The company admits it is unlike ly to be able to acquire its major titors, either abroad or in the US, and is focusing on its smaller ri-

vals in the solutions and contact lens markets, and in ophthalmic

All Warrants have been offered outside the United States and may not at any time be offered or sold in the United States or to citizens or residents thereof. This announcement appears as a matter of record only.

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and

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All of these securities having been sold, this announcement appears as a matter of record only.

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INTL. COMPANIES & FINANCE

Aegon will buy Spanish insurer

AEGON, the second-largest Dutch insurance company, is buying Union Levantina de Seguros, a fullline Spanish insurer, for about Fl 37.1m (514.56m) in an effort to strengthen its Spanish operations. Aegon has already acquired a ma-jority stake in Union Levantina for Pta 7,000 (\$485) a share in cash and plans to make the same offer through a public bid for the rest of the shares, which are traded on the Valencia stock exchange. The ac-

valencia stock exchange. The acquisition is expected to be complete by the end of July.

Mr J.F.M. Peters, Aegon chairman, said the Valencia-based insurer would broaden Aegon's Spanish activities, which had been conduct-ed since 1980 through its Galicia

subsidiary.
Union Levantina sells life, accident, health, property and casualty insurance to individuals and businesses through a network of 16 offices across Spain. It earned F1 1.1m last year and its FI 79m premium income will increase Aegon's prem-ium income by slightly more than 1 per cent. The Spanish insurer has 320 employees and assets of FI 145m.

Aegon has been briskly expandng overseas in recent years, especially in the US, and now derives 47 per cent of its revenue from outside the Netherlands.

> NOTICE To All Holders of

The Limited, Inc.'s

61, Convertible Subordinated Bonds due August 15, 2000 due August 15, 2000

On May 19, 1986, The Limited, Inc. (the "Company") declared a three for two stock split-up to be effected by a stock dividend of one share for each two shares held of record as of the clase of business on June 6, 1996, and payable on June 24, 1996, Consequently, the conversion price for the Company 56, 25 one writible Subordinated Bonds due August 15, 2001 will be reduced as of the close of business on June 6, 1996 to \$21,355553 per share of the Company's Common Stock.

The Limited, Inc.

First Union bank to Vontobel buy First Railroad

FIRST UNION, one of the new gen- southwestern banking market has eration of US "super regional" been in almost constant turmoil as banking groups, is to take over local banks have jockeyed for posi-First Railroad & Banking of Geor- tion to take advantage of the disgia in a deal valued at \$779m. The purchase is the latest in a banking, First Union has been one string of acquisitions which has of the most agressive and has made more than tripled the size of First several acquisitions in neighbour-

Union, based in Charlotte, North ing states. It has grown in size to Carolina, over the last three years. the extent that it nearly rivals First Railroad, one of the oldest North Carolina National Bank, the banks in the south, has assets of \$3.6bn and the acquisition, when combined with earlier deals, will boost First Union's assets to about The deal has been agreed by both

boards of directors and calls for First Union to exchange 1.08 of its \$2.60 per share being predicted by shares for each share of First Rail- analysts, despite an anticipated 6

to raise SFr 150m

THE STOCK market flotation planned for Vontobel will put 11: per cent of the family owned Swig investment bank into public hands The offer will raise SFr 150m (S82m) and the 15,000 new shares at SFr 10,000 each will be listed on the Zurich over-the-counter market

early next month. early next monu.

After the listing 71 per cent of Vontobel will be owned by the founding family with 15.5 per cent held by employees. The family wit control some 85 per cent of the wa

ing rights in the bank. The proceeds from the capital in crease will be used to strengthe the reserves of the holding company and provide for a future expansion of the bank's share capital

NOTICE OF REDEMPTION

mantling of barriers to interstate

first bank to establish a local inter-

state network through acquisitions.

First Union said that once the ac-

quisition is completed it can earn between \$2.53 and \$2.57 per share

in 1986, which is close to the \$2.55 to

per cent earnings dilution from the First Railroad acquisition.

PROVINCE OF NOVA SCOTIA

U.S.\$50,000,000

10% per cent, Sinking Fund-Debentures due 1990 NOTICE IS HEREBY GIVEN that in accordance with the terms and conditions of the above

described Debentures (the "Debentures"), Province of Nova Scotia has elected to redeem all of the outstanding Debentures on 15th July, 1985 at the redemption price of 101½ per cent of the principal amount thereof, together with accrued interest to 15th July, 1986. On 15th July, 1986 the Debentures shall become due and payable. Debentures should be presented for payment together with all unmatured coupons, failing which the amount of the missing unmatured coupons will be deducted from any sum due for payment. Payments will

be made in United States dollars at any of the offices listed below. Coupons due on or before 15th July, 1986 should be detached and collected in the usual

On and after 15th July, 1986, the date fixed for redemption, interest on the Debentures will cease to accrue.

Dated: 13th June, 1986

PRINCIPAL PAYING & FISCAL AGENT

Orion Royal Bank Limited

PAYING AGENTS

The Royal Bank & Trust Company, New York, N.Y. 10005

Generalé de Banque S.A., 3 Montagne de Parc. 1000 Brussels

The Royal Bank of Canada AG, Bockenheimer Landstrasse 61. D-6000 Frankfurt-am-Main 1

Union Bank of Switzerland CH-9021 Zurich

Bonds having been sold outside the United States of America

ılixatti

OLIVETTI INTERNATIONAL S.A.

Swiss Francs 150 000 000 55/8% Bonds 1986-2046

ING. C. OLIVETTI & C., S.p.A.

SODITIC S.A.

Algemene Bank Nederland (Schweiz) **Bankers Trust AG** Bank Leumi le-Israël (Schweiz) Banque Kleinwort Benson SA Banque Pasche S.A. Compagnie de Banque et d'Investissements, CBI Dai-Ichl Kangyo Bank (Schweiz) AG The Industrial Bank of Japan (Schweiz) AG Nippon Kangyo Kakumaru (Sulsse) S.A.

Salomon Brothers Finanz AG Sogénal, Société Générale Alsacienne de Banque

BANQUE GUTZWILLER, KURZ, BUNGENER S.A. CRÉDIT COMMERCIAL DE FRANCE (SUISSE) S.A. SAMUEL MONTAGU (SUISSE) S.A.

Internationale Genossenschaftsbank AG J. Henry Schroder Bank AG Banca di Credito Commerciale e

Banque Nationale de Paris (Suisse) S.A.

Bança dei Semplone Banca Solari & Blum S.A. Bank in Huttwil Bank in ins Bank Langenthal Bank in Langnau Bank Neumunster Bank Rohner AG Banque de Dépôts et de Gestion Banque Louis-Dreyfus en Suisse S.A. Crédit Lyonnais Finanz AG Zürich Great Pacific Capital S.A. **Grindlays Bank Pic** E. Gutzwiller & Cie, Banquiers Overland Trust Banca Rüegg Bank AG St. Gallische Creditanstalt Società Bancaria Ticinese Solothumer Handelsbank

Spar- und Leihkasse Schaffha

Volksbank Willisau AG

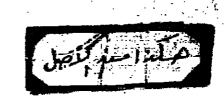
Banca Commerciale Italiana (Suiss Bank Heusser & Cie AG Banque Bruxelles Lambert (Suisse) S.A. Banque Paribas (Suisse) S.A. Chemical Bank (Suisse) Crédit des Berques Hottinger & Cie LTCB (Schweiz) AG The Royal Bank of Canada (Suisse) Société Bancaire Julius Baer S.A. Sumitomo International Finance AG

> KREDIETBANK (SUISSE) S.A. NORDFINANZ-BANK ZŰRICH

> > Armand von Ernst & Cie AG

Clariden Bank Lloyds Bank Pic Amro Bank und Finanz Bank CIAL (Schweiz) - Crédit Industriel d'Aisace et de Lorraine AG -

Banco di Roma per la Svizzera Banque Générale du Luxembourg (Suisse) S.A. Banque Indosuez, Succursales de Suisse Banque Morgan Grenfell en Sulsse S.A. Caisse d'Epargne du Valais Fuji Bank (Schweiz) AG Gewerbebank Baden Handelsfinanz Midland Bank Hypothekar- und Handelsbank Winterthur Maerki, Baumann & Co. AG Sparkasse Schwyz



Vontobe

AL S.A.

OVA SCOTIA

Debentures due 1990

MCALACL .

S.p.A.

1,150,000 Shares

Chesebrough Pond's Inc.

Common Stock

Commerzbank

Union Bank of Switzerland (Securities)

Credit Suisse First Boston Limited

Shearson Lehman Brothers International

Swiss Bank Corporation International Limited S. G. Warburg & Co. Ltd. Yamaichi International (Europe) Limited

February, 1986

Société Générale



Industria Chimica e Farmaceutica S.p.A.

3,240,000 Non-Convertible Savings Shares

Shearson Lehman Brothers International

This announcement appears as a matter of record only.

2,875,000 Shares

The Prospect Group, Inc.

Common Stock

Shearson Lehman Brothers International

Banque Nationale de Paris EBC Amro Bank Limited

Credit Suisse First Boston Limited Générale de Banque Euromobiliare

Kansallis Banking Group

Svenska Handelsbanken Group Swiss Bank Corporation International Limited



SKÅNE - GRIPEN AB

The Gripen Group 250,000 "B" Free Shares

The undersigned arranged the placement of these Shares

Shearson Lehman Brothers International



1,600,000 Units

Fireman's Fund Corporation

1,600,000 Shares of Common Stock of Fireman's Fund Corporation 1,600,000 Warrants to Purchase

800,000 Shares of Common Stock of Fireman's Fund Corporation

Shearson Lehman Brothers International

Salomon Brothers International Limited

Banque Nationale de Paris Credit Suisse First Boston Limited Commerzbank Crédit Lyonnais Deutsche Bank Capital Markets Limited Lloyds Merchant Bank Limited

EBC Amro Bank Limited Morgan Guaranty Ltd.

The Nikko Securities Co., (Europe) Ltd. Société Générale

J. Henry Schroder Wagg & Co. Limited Swiss Bank Corporation International Limited

This announcement appears as a matter of record only.

13,830 Shares

The undersigned arranged a secondary block trade of these Shares.

Shearson Lehman Brothers International

May, 1986

Leadership In Global Equity Markets

Mitel Corporation

has sold 51% of its common shares to

British Telecommunications plc

The undersigned acted as financial advisor to Mitel Corporation in connection with this transaction and assisted in the negotiations.

Salomon Brothers Inc

One New York Plaza, New York, New York 10004 Atlanta, Boston, Chicago, Dallas, London (affiliate) Los Angeles, San Francisco, Tokyo (affiliate), Zurich amber of Major Secunties and Commodities Exchanger

These securities were offered and sold outside the United States of America. This announcement appears only as a matter of record

May, 1986

Banca della Svizzera Italiana

Bank J. Vontobel & Co. AG

Banque Pariente

James Capel & Co.

Dominick & Dominick

Orion Royal Bank

Banque Bruxelles Lambert S.A.

Chemical Bank International Group

Genossenschaftliche Zentralbank AG

Kuwait Investment Company (S.A.K.)

Morgan Stanley International

Salomon Brothers International

Société Bancaire Julius Baer S.A.,

Compagnie de Banque et d'Investissements, CBI

Lombard Odier International Underwriters S.A.

Bank Gutzwiller, Kurz, Bungener (Overseas)

Bordier et Cie

U.S. \$70,000,000



American Bankers Insurance Group, Inc.

53/4% Convertible Subordinated Debentures Due 2001

Kidder, Peabody International

Banca del Gottardo

Bank Leumi le-Israel

Chase Manhattan Securities

Daiwa Europe

Hentsch & Cie.

Pictet International Ltd.

Mitsubishi Finance International

Banque Paribas Capital Markets

Banque Audi (Suisse) S.A.

Barciays Merchant Bank

Julius Baer International Bank Cantrade Switzerland (C.I.) Bank in Liechtenstein AG

Bankers Trust International Banque Nationale de Paris

NEW ISSUE

Banque Scandinave en Suisse Carolina Bank Cazenove & Co. Citicorp Investment Bank

Credit Suisse First Boston Ferrier Lullin & Cie. S.A.

HandelsBank N.W. (Overseas) Ltd.

Lloyds Merchant Bank Merrill Lynch Capital Markets

Morval & Cie SA Nomura International PaineWebber International

Swiss Volksbank

per US\$250,000 Note.

Sanwa International SGS Finance SA

> The Royal Bank

TAK of Scotland Group pic

US\$350,000,000

Undated Floating Rate Primary Capital Notes

In accordance with the Terms and Conditions of the

Notes, notice is hereby given that for the Interest Period from 11th June, 1986 to 11th December, 1986, the Notes

will bear a Rate of Interest of 71/4% per annum. The amount of interest payable on 11th December, 1986 will be US\$368.54 per US\$10,000 Note, and US\$9,213.54

Agent Bank

Sumitomo Trust International

J. Henry Schroder Bank AG

Schweizerische Hypotheken- und Handelsbank, **Shearson Lehman Brothers International**

Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities)

Oppenheimer & Co. Inc.

Bankers Trust New York Corporation

US\$300,000,000 Floating Rate Subordinated Notes Due 2000

For the three months 11th June, 1986 to 11th September, 1986 the Notes will carry an interest rate of 7½ per cent per annum and interest payable on the relevant interest payment date 11th September, 1986 will be US\$102.08 per US\$10,000 Note and US\$4552.08 per US\$250,000 Note.

Bankers Trust Company, London

Agent Bank

INTL. COMPANIES & FINANCE

New bank proposes NSW building society takeover

BY LACHLAN DRUMMOND IN SYDNEY

NATIONAL MUTUAL Royal Bank, which last year trans- notionally issued to depositors country's third largest building society, at a cost of at least A\$120m (US\$82.2m).

be the fifth largest full-service national banking group in Australia, although less than a seventh the size of the next biggest, the state-owned Com-

If the deal proceeds, it would employees, and 760,000 accounts.

Bank of Canada.

NMR's plans were announced jointly with the United. They have been joined, however, by a have been joined, however, by a through withdrawable shares year.

NMR intends to continue of capital into its expanded save expanding it retail presence mgs hank group. The existing with ambitions to make a A\$3m of reserves in the society of the continue o

market presence and its geographic spread with plans to
a bank of a building society with
take over United Permanent,
its acquisition of Canberra's
bank, with the new owner offerits acquisition of Canberra's

Bank (NMR), a newly formed formed itself from the New and effectively has no trandiAustralian banking venture, has moved to increase its retail to bank status and this year the takeover complex.

The sociaty will first incorthe takeover complex.

The society will first incorporate and become a savings

> ing AS60m of interest rate con-United has total assets of cessions or premiums to existing A\$1.6bn, 130 branches, 800 borrowers and depositors over two to three years, to reflect a and would take the NMR Bank's total assets to more than A85bn.
>
> It will inject another A860m

monwealth Bank.

NMR is owned jointly by the National Mutual, the second largest life office, and Royal Bank of Canada.

NMR has already transformed its Victoria building society to bank status.

NMR's plans were announced simple of the operating caping the control of the operating caping the control of the operating caping its victoria building society to bank status.

Abbut of reserves in the society will be held in trust but will form part of the operating caping its own part of the operating caping its own shares to depositors in United once it completes the

in United, once it completes the same incorporation process which Advance undertook last

Tung asks for ordered ships

C. H. TUNG, the Hong Kong supplies such as Ishikawajima-shipping group and its creditor Harima Heavy Industries (IHI) banks have gone all out to persuade Mitsubishi Heavy Industries (MHI), the Japanese terms with a discount of as much as 200 personal parting. Industries (MHI), the Japanese terms with a discount of as shipbuilders, to reverse an much as 20 per cent, angering apparent decision earlier this the Japanese yards. Moreover, week, to withhold delivery of four container vessels to the Tung group.

Under Tung's restructuring with a discount of as much as 20 per cent, angering the Japanese yards. Moreover, week, to withhold delivery of the Japanese yards. Moreover, week, to withhold delivery of the Japanese yards. Moreover, week, to withhold delivery of the Japanese yards. Moreover, week, to withhold delivery of Mitsubishi has said the yen's appreciation of about 40 per cent, angering the Japanese yards. Moreover, week, to withhold delivery of the Japanese yards. Moreover, week, to withhold delivery of Mitsubishi has said the yen's appreciation of about 40 per cent, angering apparent decision earlier this the Japanese yards. Moreover, week, to withhold delivery of the Japanese yards. Moreover, week, to withhold delivery of the Japanese yards. Moreover, week, to withhold delivery of four container vessels to the programme drawn up a month ago, the group was to cancel at a substantial loss.

Under Tung's restructuring were placed meant that the programme drawn up a month ago, the group was to cancel 12 vessels out of 24 ordered from Japanese yards, centring its rescue plan on the remaining 12 new container ships including the four from MHL MHT's resistance to Tung's the 12 vessels has been joined in addition by at least one

Senior officials of the Japa-nese Ministry for International Trade and Industry (Miti) Japanese-made

revised payment terms comes in addition by at least one as the latest hitch in the foreign member bank in tortuous restructuring of the aftempting to resolve the im-

Trade and Industry (Miti) called in Mitsubishi executives yesterday. According to the Miti officials, the ministry is concerned that the withholding ordered by Tung could lead to difficulties in Japan's trade relations with China. Chinese interests are partici-

pating indirectly in the Tung rescue, in part reflecting Peking's desire for Hong Kong goodwill ahead of the reversion of the territory to China in Mitsubishi told Miti that lay-

ing up the four container ships would produce an interest pay-ment burden alone of Y160m (\$962,000) a month.

China hints at allowing foreign insurers

THE POSSIBILITY of the observers have generally held Association of Insurance Super-Chinese Government allowing that China would be reluctant to visory Authorities of Developing foreign insurance companies to let go its tight grasp on the Countries, which will be held operate in China is "always business under consideration," according Mr Lir to Mr Lin Zhenfeng, vice-president of the People's made for breaking up the Insurance Company of China (PICC).

Mr Lin told a press conference that no firm plans had been made for breaking up the monopoly of the state-run (PICC).

Collected insurance premiums have grown at a rapid rate in recent years, with an increase last year of just under 80 per cent; and the Chinese Govern-ment continues to push in-surance as a means of raising funds for development. Industry

et go its tight grasp on the Countries, which will be held usiness.

Mr Lin told a press conference June 23 to June 27.

move is a possibility under the present

economic reform The press conference was also told that China would host the fifth general meeting of the

Officials blamed the loss on the delayed inaugural flights

and slow US air cargo demand.

In the current year, the com-pany expects an operating loss of Y2.3bn even if it is allowed

Loss at Nippon Cargo Airlines

CARGO Airlines (NCA) yesterday reported a net loss of Y3.83bn (\$23m) on turn-

over of Y19.27bn in its first year to March, Kyodo reports from Tokyo.

NCA started operations with

six weekly flights between Narita Airport, Tokyo, and New York in May 1985, a month later than scheduled because of the trouble-plagued Japan-US civil

Mitsui & Co ahead 15%

By Our Tokyo Staff

MITSUI & CO, the Japanese trading house, and its group companies lifted net profits 15.4 per cent to Y11.67bn (\$70.17m) in the year to March, mainly as a result of an improvement in non-operating income and the sale of shares in some sub-sidiaries.

Turnover, eroded by the yen's sharp appreciation, advanced only 2,7 per cent to Y18,081.55bn.

Y18,081.55bn.

Exports rose 2.2 per cent and domestic sales were up 6.9 per cent while trade between third countries—centring on crude oil and machinery—advanced by 8.9 per cent. However, imports suffered a 9 per cent drop, affected by the collapse of oil prices and a fall in steel and food purchases.

food purchases.

Mitsui said the yen's appreciation cut its turnover by Y1.280bn.

For the current year, consolidated turnover is projected at Y17,000bn, down 6 per cent and affected by the surge of the yen and falling crude prices.

CORRECTION NOTICE U.S. \$150,000,000 Midland International Financial Services B.V.

Guaranteed Floating Rate Notes 1992 Guaranteed on a subordinated basis as to payment of principal and interest by

Incorporated with limited liability in the Netherlands)

Midiand Bank pic



For the six months from 9th June, 1986 to 9th December, 1986 the interest payable against Caupon No. 13 will be U.S. \$190 63 per U.S. \$5,000 Note and not as previously published.

Agent Bank:

A problem area for PICC has been accident insurance. China

an extraordinarily high accident rate because the road not been raised and more cars

increased by 50% to £60m By Chris Sherwell in Singapore

India Fund

INDIA FUND, the country's first fund to manage inter-national capital to be in-vested in Indian equity markets. will amount to 160m (\$91.6m) about 50 per cent planned. 25 a result of an en-thusiastic initial response from Europe, the US and

The fund will be managed by Unit Trust of India, an Indian investment trust, and marketed abroad by Merrill Lynch Capital Markets, the largest securities house in the US. It will give foreign investors their first chance to participate in India's large stock market.

With the increase in size from \$60m, the fund will he on a par with the longer-established Korea Fund, which now stands at \$100m after a second issue last month. Unlike most of its counterparts, however, the India Fund will allow individual as well as institutional participation.

Its backers will launch a campaign to secure support next week, starting in London and Edinburgh and moving on the following week to New York and Boston. A London listing will be sought.

Institutions in Europe, the US. Hong Kong, Singapore and elsewhere have shown keen interest in taking part. At an individual level Unit Trust of India and Merrill hone to tan the India are Trust of India and Merrill hope to tap the Indian communities in the UK, the Middle East and South East Asia by offering £1 units in blocks of 1.000 shares.

Part of the interest is explained by the fact that the fund offers an indirect way into the Indian market, which is otherwise closed to anti-

is otherwise closed to oni-siders. There is also a feel-ing that the recent strength of most stock markets abroad may soon falter, whereas illicity year, may have some way to

go.
If the £60m target is reached, the India Fund will enjoy a hetter start than its counterparts for Korea, Tai-wan or Thailand. The Bangwan or mainted. The hang-kok Fund. coincidentally also handled by Merrill, suffered badly from unfortunate tim-ing and raised around \$11m. below the originally targeted \$15m to \$20m.

LINCOLN SAVINGS AND LOAN ASSOCIATION

U.S.\$100,000,000 Collateralized Floating Rate Notes due 1999

For the six months 12th June 1986 to 12th December 1986 the notes will carry an interest rate of 7516% per annum with an interest amount of U.S.\$1858.59 per U.S.\$50,000 nominal

The relevant interest payment date will be 12th December 1986 Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

December, 1985

to add three more weekly flights on the Narita-New York route and to begin flying into Hong Kong and Singapore during the period. This announcement appears as a matter of record only



PETLAS LASTIK SANAYI VE TICARET A.S. US \$17,500,000

Medium Term Loan

THE REPUBLIC OF TURKEY

Arranged by

Arab Banking Corporation (ABC) Arab Turkish Bank/Istanbul

Provided by

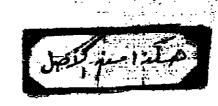
Arab Banking Corporation (ABC) Arab Turkish Bank/Istanbul

Arab African International Bank Banco Arabe Español, S.A. "ARESBANK" Banque Intercontinentale Arabe Holantse Bank-UNI N.V. Istanbul Branch

Türkiye İŞ Bankası A.S. Frankfurt Branch ALUBAF Arab International Bank E.C. The Commercial Bank of Dubai Limited

Arab Banking Corporation (ABC





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OLN SAVINGS AN **AN ASS**OCIATION

TK SANAT

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14.25.25.30

India F

increase

by 50%

Financial Times Friday June 13 1986

NOTICE OF EARLY REDEMPTION

ITT ANTILLES N.V.

(the "Issuer")

Notice to the holders of the outstanding U.S.\$75,000,000.

91/2% Guaranteed Bonds due 1989 of the issuer (the "Bonds")

of the

EARLY REDEMPTION ON AUGUST 1, 1986 of all the Bonds by the issuer

Notice is hereby given to the holders of the Bonds that in accordance with Condition 5(b) of the Bonds, the Issuer will redeem all of the Bonds then outstanding on August 1, 1986 (the "redemption date"). The Bonds will be redeemed at 1001/2% of their principal amount plus interest accrued to the redemption date. Payments of principal and accrued interest will be made on or after the redemption date at the specified office of any of the Paying Agents listed below, against surrender of Bonds with all unmatured coupons attached, failing which the face value of any missing unmatured coupon will be deducted from the payment. Any amounts of principal so deducted will be paid against surrender of the relevant missing coupon within a period of ten years from the date on which such coupon is expressed to become due. Interest on the Bonds will cease to accrue from the redemption date. Bonds

will become void unless presented for payment within ten years of the redemption date. PRINCIPAL PAYING AGENT

Amsterdam 1000EG European Banking Company Limited 150 Leadenhall Stre

London EC3V 4PF

26. Route d'Arlon, Luxembourg 2 **PAYING AGENTS** Banque Bruxelles Lambert S.A. Avenue Mamix 24, B-1050 Brussels Manufacturers Hanover

Trust Company, 40 Wall Street, New York, NY 10015

Swiss Bank Comoration

(Luxembourg) Limited,

Deutsche Bank 6000 Frankfurt/Main Banque de Paris 3 Rued Antin.

Swiss Bank Corporation, Paradeplatz 6, 8022 Zurich

Swiss Bank Corporation (Luxembourg) Ltd. Principal Paying Agent.

Paribas Concorde Trust Limited

£100,000,000 nominal of 9.364 per cent. Debenture Stock 1991

Placing Price £97.50 per cent.

Placing by

James Capel & Co. 10 Sectors 14 a 16 capación (1977).

("Debenture Stock") to be issued to be admitted to the Official List.

In accordance with the requirements of The Stock Exchange £1.5 million nominal of the Debenture Stock will initially be offered to the market and a further £10 million of the Debenture Stock will be provisionally reserved for the market on the date of publication of this advertisement. Interest on the Debenture Stock at the rate of 9.364 per cent. per annum will be payable (without deduction of tax) by equal half-yearly instalments on 30th June and 30th December in each year except that the first payment of interest, which will be made on 30th December, 1986. will be in respect of the period from 19th June, 1986 to 30th December, 1986 (both dates inclusive) and will amount to £5.02834

Application has been made to the Council of gross per £100 nominal of the Debenture The Stock Exchange for the whole of the Stock. The redemption yield on the 9.364 per cent. Debenture Stock 1991 Debenture Stock, at the placing price, is 10.007 per cent.

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The Ordinary Shares and the Deferred Ordinary Shares of 5p each will rank pari passu in respect of income and voting rights. Particulars of the Debenture Stock are available in the Statistical Services of Extel Statistical Services Limited. Copies of the Listing Particulars relating to the Company may be obtained during usual business hours up to and including 17th June, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 27th

> es Capel House PO Box 551 6 Revis Marks oden EC3A 7JQ

CORPORATE FINANCE

The Financial Times proposes to publish a survey on the above subject on Thursday 3rd July 1986.

For details of advertising rates, please contact:

NIGEL PULLMAN, BRACKEN HOUSE, 10 CANNON STREET, LONDON EC4P 4BY TEL: 01-248 8000, EXTN 4063

Publication date is subject to change at the discretion of the Editor

INTERNATIONAL COMPANIES and FINANCE

David Marsh reports on a minor revolution at France's foreign trade bank

BFCE forced to adopt a higher profile

like parlours of Banque Fran-caise du Commerce Exterieur (BFCE), France's state-controlled trade bank.

For 40 years, BFCE, owned by a select grouping of the country's biggest banks and financial institutions, has made a comfortable, if unexciting, living providing subsidised loans for France's post-war foreign trade expansion.
It has grown to become the

nation's ninth largest bank in terms of assets, and one of the most important behind the Big Three nationalised banks in terms of loans to Frenchindustry and commerce.

century carved heads of kings first time to FFr 14.6bn at endlong missing from Notre Dame cathedral, were found in a courtyard at its headquarters near the Paris Opera.

Today competition is forcing the bank to adopt a higher profile. The shift is not entirely to the liking of the other blue to phase out subsidised export credits for the richer category.

to the liking of the other big banks, which see BFCE encroaching into their own commercial backyards.

Liberalisation of France's export credit procedures, slower growth in French exports to heavily-indebted developing countries, and growing demand for more sophisticated services for corporate clients are all combining to bring BFCE into greater competition with maingreater competition with main-stream commercial banks. The shift risks injecting an

element of rancour into the French banking scene, where BFCE occupies a unique hybrid position.
Around one-third of its balance sheet of FFr 263bn

(\$28.5bn) is made up of com-mercial lending. Two-thirds mercial lending. Two-thirds represents its "institutional" role. This is made up of lend-(suppliers' credits) and import-

deregulation of the Paris under official financing schemes, financial markets is sparking off with the latter category includa minor revolution in the clubing the refinancing of the ing the refinancing of the growing number of loans to the Third World rescheduled under international agreements.

BFCE is the only subsidiary of the Bank of France, which owns 24.5 per cent of its FFr 1bn capital. The official financing organisation. Causse de Paris, Crédit Lyonnais and Société Caintaile au melle of the caintaile au melle o Société Générale—as well as Crédit Agricole and Crédit National each own 10 per cent. BFCE's effort to build up its

commercial activities is an inevitable consequence of the state's move to reduce gradually subsidised credits throughout the economy and to lower barriers between different Even so BFCE's greatest French financial sectors. Underexposure to the limelight to lining the pressures on BFCE's date came nine years ago when a priceless collection of 13th century carved heads of kings first time to FFr 144.6bn at endfirst time to FFr 144.6bn at end-1985 from FFr 170bn in 1984, reflecting above all a drop in

to phase out subsidised export credits for the richer category of importing countries and to open up export credit pro-cedures to greater competition among the country's banks.

the cost of export credits to poorer countries—a procedure which is considerably more transparent than the old one.

mercial banks now have to try to raise loans from the capital market to back exports to these clients. If they are unable to secure the funds at internationally competitive interest rates, the BFCE has been given a more precise which it has traditionally competitive interest rates, the BFCE has been given ally kept under wraps. In prea monopoly to carry out the business itself.

A senior executive of one of the Big Three, who has a precise insight into BFCE's accounts because of his bank's share-



Mr Michel Freyche: seeking "the freedom open to other banks"

holding, says BFCE has been given a potentially highly beneficial "safety net" rule in case the export credit liberalisa-tion proves unworkable because of a renewed rise in French interest rates.

He believes BFCE's low pro-fitability as well as its relative The moves have stripped the BFCE of some of its privileges. But the Big Three banks — which are earmarked for a special dose of liberalism under complains that the line between special dose of interansm under the new Right-wing Government's denationalisation programme complain that BFCE institutional and compared complain that BFCE is institutional and compared compare

ending of subsidies on export with a formal state guarantee, base of 3,000 French companies credits to richer countries, com- "They are sometimes a public to develop "tailor-made" bank-

ally kept under wraps. In pre- now borrow at close to money vious years the bank held back market rates—BFCE has also from providing medium-term gone flat out to increase its suppliers' credits because it had earnings from financial serthe monopoly of granting long-term loans in this area. It also to the wishes of its shareholder years—these presently account banks—one of the reasons why for about 40 per cent of its it chose to open its only foreign operating profits, against 60 per branch in Continental Europe cent from interest earnings.

in Milan rather than in West Germany.
Now, BFCE will be less re-Now, BFCE will be less re-strained. "The role of the bank in working for the state will diminish," says Mr Michel Freyche, who took over as chairman in 1982 after a long career as a senior economics civil servant. "This raises the

that the proportion of commer-cial to "institutional" business could shift lowards 50:50 in the next few years as BFCE builds up its general activities in servicing corporate clients.

The bank also faces the diffi-culty common to the rest of the industry of exposure to prob-lem clients. Reflecting a mixture ing risks came to FFr 444m last year—dwarfing its slender net profit of FFr 60m, which rose 6 per cent from 1984. Having no retail banking activity, BFCE has not been

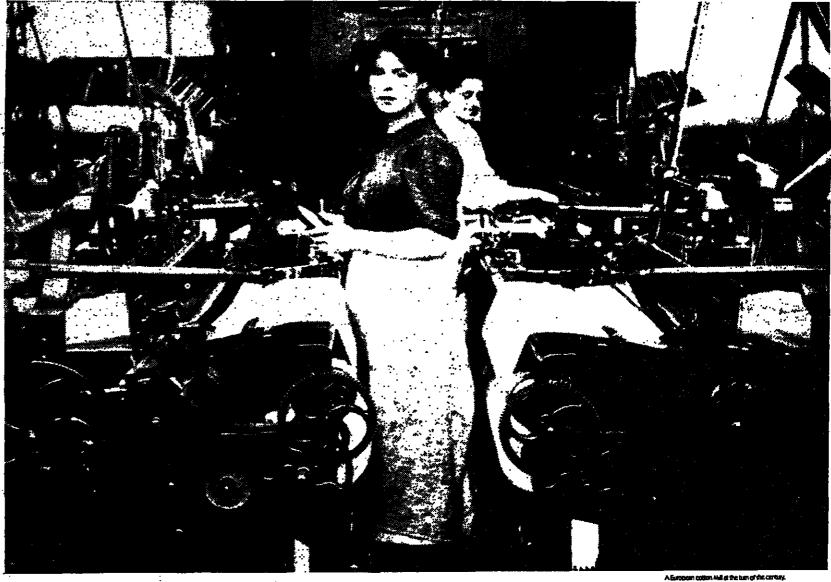
As an example, under the allowed to raise funds abroad effort to expand on its customer bank, sometimes a private bank. ing packages outside the specific

export credit area.
With big companies becoming more efficient in shaving down margins on traditional loan business — where many of them vices. Including its income from export credit commissions— likely to decline in coming

To boost the all-round nature of its activities, BFCE is trying to build up its expertise in ven-ture capital as well as in finan-cial market dealing. One of the biggest structural borrowers on the French money

markets, it has profited from its strong links both to institutional lenders and to corporate question of developing other treasurers to become a leader activities." in dealing in the newly-developed French commercial "Now that our intervention is less automatic, we can discover the freedom open to other commercial banks." Mr Freyche says it is "not inconceivable" in dealing in the newly-developed French commercial paper market. It is spending the paper market. It is spending the paper market is spending the newly-developed French commercial paper market. It is spending the newly-developed French commercial paper market. It is spending the newly-developed French commercial paper market. It is spending the newly-developed French commercial paper market is spending to the newly-developed French commercial paper market. It is spending the newly-developed French commercial paper market is spending to the newly-developed French commercial paper market. It is spending to the newly-developed French commercial paper market. It is spending to the newly-developed French commercial paper market. It is spending to the newly-developed French commercial paper market. It is spending to the newly-developed French commercial paper market. It is spending to the newly-developed French commercial paper market. It is spending to the newly-developed French commercial paper market. It is spending to the newly-developed French commercial paper market. It is spending to the newly-developed French commercial paper market. It is spending to the newly-developed French commercial paper market. It is spending to the newly-developed french commercial paper market. It is spending to the newly-developed french commercial paper market. It is spending to the newly-developed french commercial paper market is spending to the newly-developed french commercial paper market. It is spending to the newly-developed french commercial paper market is spending to the newly-developed french commercial paper market is spending to the newly-developed french commercial paper market is spending to the newly-developed french commercial paper market is spending to the newly-developed french commercial paper market is spending to the newly-developed french commercial paper mark building and equipping with computerised systems a new financial dealing room to centralise treasury and financial market operations.

One of BFCE's principal selling points in a battle to win corporate client business is that it can offer a more streamlined service, and quicker decisions on credit requests, than the Big Three. Some of its clients of sovereign risks and those on say, however, it could still make troubled French industrial an effort to improve efficiency, groups, provisions on its lend- In an increasingly competi-In an increasingly competi-tive banking atmosphere, it will be up to BFCE to prove in coming years that it has suc-ceeded in making the trans-



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YOUNG EUROPEANS."

June 13, 1986

DATED: June 13, 1986

Gencor pins its hopes on an outsider

MR DEREK KEYS does not believe in wasting time. He has had considerable impact since his appointment less than two months ago as chief executive and chairman-elect of Gencor, South Africa's second largest mining and industrial finance

1.7.29

speaking outsider with no experience of mining to head the struggling Afrikaner-owned surprise in Johannesburg's busi-ness community — not least inside Gencor itself. The com-pany's shareholders had been expected to find a replacement for chairman Mr Ted Pavitt. who retires in August, within the company — from a five-man executive committee which Mr Pavitt chaired.

Mr Keys' appointment soon prompted the resignation of Mr Johan Fritz, the 56-year-old director in charge of mining. Mr Fritz said publicly that he was going because he had been passed over for the top job. Earlier this month came the announcement of the retirement of 56-year-old Mr Basil Landau, the executive director respon-sible for Gencor's poorly-performing industrial interests. Gencor has been beset with difficulties since the group was formed in 1980 when the Afrikaner-owned General Mining took control of Union Corporation, extending Afrikaner influence in mining, an industry traditionally domi-nated by the English-speaking

The takeover led to a conflict between Dr Wim de Villiers, Gencor's chairman, and Mr Andreas Wassenaar, chairman of Sanlam, the Afrikaner life assurance company which con-trols Gencor through a holding company called Federale company Mynbou.

Dr de Villiers resigned in 1982 after an acrimonious public row, leaving a power vacuum at Gencor that was eventually filled by the creation of the executive committee under Mr

At the same time, Gencor started expanding its industrial interests rapidly, in the belief that the outlook for metals, especially base metals, in the 1980s was poor. But the group was caught out by the recession which bit the domestic South African economy, and by higher African economy, and by higher inflation and interest rates. A recovery on the industrial Keys's reputation with senior Corporation. the shares of management at Sanlam, which trade at a yield of 3.9 financing the heavy new investments. In 1984, a R410m achieve respectable results, and he was offered the top post to 00 to make up the difference.

The biggest project, a R1.6bn expansion at Sappi. South Africa's biggest papermaker, was plagued by cost over-runs and technical difficulties. Two other industrial businesses in

Mr Landau's portfolio ran into severe financial trouble—the Kanhym farming interests and the Tedelex television and elec-trical division. All three com-panies had to raise fresh funds last year with rights issues un-

His views are different from other Johannesburg business leaders, notably Mi

Mr Keys says: "It's not that I don't want to influence poll-ticians. It is that I don't think I can. A cabinet minister can run rings around the average businesman when it comes to

Mr Keys believes that South African companies must con-tinue to make the best of the difficult conditions in which cent of the net profit.

Mr Pavitt once dismissed difficulties stemmed from the structure created in the 1980 merger as "a journalistic ploy."
Mr Keys thinks otherwise.
He says that the cultures of
two companies were very different and they were never welded together. "It should have been done a few years ago." This conclusion echoes

rights issue was made to relieve Last year these assets account at Gencor. Sanlam executives the pressure on the group's ted for 33 per cent of share-say the company wanted Mr holders' equity but only 2.3 per Keys because of his track record, his ability to motivate

others and his drive. analysts believe Sanlam made 2 good choice. One said: "Morale someone from outside to revive it. If anyone can do it Derek

Keys can." Mr Keys sees his first task as reforming the management structure Gencor inherited from the merger He says the group

MR KEYS believes that South African businessmen must adapt to political, social and economic change rather than try to influence its course.

Gavin Relly, chairman of Anglo American Corporation, who think that business needs to apply pressure on the Government of President P. W. Botha to bring about political referen political reform.

non-quantitative issues."

they operate. They have to continue investing at home because exchange controls make it punitively expensive to invest abroad.

"There are no perfect investment decisions in South Africa. We have to pick the most attractive one. You (for-eigners) look at the situation in the world context. We don't have that luxury—we look at things in the South African context.

Mr Keys is prohably more open-minded than most Johanneshurg executives on the extent of the political changes he believes he could cope with. Asked if he could continue as Gencor's chief executive if the group was nationalised by a possible future black majority government. he said: "Sure."



Mr Derek Keys: priority for management structure reform

left the parent group taking up unwanted stock.

To cap it all, Gencor made

some expensive mistakes in the currency markets, making un-covered forward purchases which cost R200m in 1984. Last year, following a ban on un-covered dealings the group's losses were limited to just R8.4m, despite the precipitous fall in the rand.

However, overall, mining insulated the group from the worst effects of its industrial interests performance. Gencor successfully floated shares in Beatrix, a newly-developed gold mine. While industrial profits slid from R137.3m in 1983 to R26.4m in 1984 and R10.8m last year, group attri-butable income slipped from R310.6m to R275.5m and then recovered to R458m over the same period.

the findings of a report by management consultant Arthur Keys's arrival.

The 54-year-old self-made millionaire has the right credentials for the job of cor-porate welder. An accountant by training, he worked for nine years for the state-control-led Industrial Development Corporation and helped to establish the National Discount House, South Africa's first money market company. Subsequently he bought into Malcomess, an ailing farm equipment manufacturer, turned it around and merged it with Bakke, a packaging company, to create a new company Malbak. Last year, he pulled off a much larger coup by reversing Malbak into Protea, a chemicals-to-electricals holding group.

The merger enhanced Mr Keys's reputation with senior management at Sanlam, which

structure with fewer layers and greater responsibility for indi-vidual managers. "We need to replace rule by committee," he

Johannesburg financial ana lysts believe that the troubles of Gencor's industrial interests have obscured some of the potential of the group's gold platinum, coal and base metals, on which profits are mostly earned overseas and so are hoosted in rand terms by the continuing depreciation in the currency. However, a further re-rating of the group would depend on a marked improve-ment on the industrial side. Gencor shares have risen sharply since Mr Keys' appointment was announced in April. They yield 4.2 per cent, above the average for South African leading group, Anglo American

NOTICE OF REDEMPTION

Payment of principal and interest on the above Notes will be made upon presentation and surrender thereof together with all coupons maturing subsequent to the Sinking Fund Redemption Date at any of the appointed agencies outside of the United States.

The Chase Manhattan Bank, N.A.

Registrar, Transfer Agent and Paying Agent

With respect to Registered Notes in Issue US \$685,000 principal amount will be redeemed on July 15, 1986 at 100% of the principal amount

U.S. \$68,000,000

Middletown Trust

10½ % Notes Series A due 1993

In accordance with the provisions of the Sinking Fund, US \$5,840,000 Principal amount of the Notes will be redeemed on July 15, 1986, at 100%

To the Holders of

General Mills, Inc.

U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1984 between the Company and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 4(a) of the Terms and Conditions of the Notes, the Company has elected to redeem on July 15, 1986 U.S. \$10,110,000 principal amount of the Notes (the "Redemption Notes") at a redemption price equal to 101% of the principal amount thereof, together with accrued interest to said date, in the amount of U.S. \$346.67 for each U.S. \$5,000 principal amount and U.S. \$693.33 for each U.S. \$10,000 principal amount as follows:

OUTSTANDING NOTES OF \$5,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

4463 4543 4560 4569 4616 4645 4654 4658 4815 4818 4833 4878 4903 4911 4920 4967 5026 5030 6733 6778 6630 6910 6919 6938 6944 6958 OUTSTANDING NOTES OF \$10,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS: 10567 10677 10638 106717 10717

Payment will be made, subject to applicable laws and regulations, in U.S. dollars on and after July 15, 1986 upon presentation and surrender of the Redemption Notes with coupons due December 19, 1986 and subsequent coupons attached, failing which, the amount of missing unmatured interest coupons will be deducted from the sum due for payment and paid in the manner set forth in the Terms and Conditions of the Notes against surrender of the related missing interest coupons within the period of time prescribed by the applicable statute of limitations, at the main offices of the Fiscal Agent in London, Brussels, Frankfurt am Main, Paris and Tokyo, the main office of Amsterdam-Rotterdam Benk N.V. in Amsterdam, the main office of Swiss Bank Corporation in Basic and the main office of Krediethank S.A. Luxembourgeoise, in Luxembourge, Payments at said offices will be made by a United States dollar account maintained by the payee with a bank in London. No payment on any Bearer Note will be made at the Corporate Trust Office of the Fiscal Agent or any other Paying Agency maintained by the Company in the United States nor, except as otherwise permitted by U.S. Tressury Regulations without adverse tax consequences, will any payment be made by transfer to an account maintained by the payee in, or by mail to an address in, the United States.

From and after July 15, 1986, the Redemption Notes will no longer be outstanding and interact thereon shall cases to account II.S. \$25,600,000.

the United States.

From and after July 15, 1986, the Redemption Notes will no longer be outstanding and interest thereon shall cease to accrue. U.S. \$25,690,000 principal amount of Notes will remain outstanding after the redemption.

It is suggested that each holder consult his own tax advisor concerning his particular tax situation.

Any payments made to an address in the United States, directly or by electronic transfer, may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding of 20% of the gross proceeds if payces not recognized as exempt recipients fail to provide a Paying Agent with an executed IRS form W-8 in the case of non-U.S. persons or an executed IRS form W-9 in the case of U.S. persons. Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide to a Paying Agent listed above, and certify under penalties of perjury, a correct taxpayer identification number (employer identification number or social security number, as appropriate), or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50 imposed by the IRS. Please therefore provide the appropriate certification when presenting your securities for payment. when presenting your securities for payment.

GENERAL MILLS, INC.

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Gompany Notices

COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN MICHELIN ET CIE

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Lazard Bothers and Co Ltd
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of the reports and of the resolutions proposed to the Meeting are for the Bondholders at the registered office of the Company.



ECU Denominated Floating Rate Notes due 1995 resulting from the exercise of Warrants attached to US\$ 200,000,000 Floating Rate Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period from June 16, 1986 to December 22, 1986 the Notes will carry an interest rate of 71/16% per annum. The interest payable on the relevant interest payment date, December 16, 1986 will be ECU39.05 per ECU1,000 principal amount.

> The Agent Bank KREDIETBANK S.A. LUXEMBOURGEOISE

CLAL FINANCE N.Y. 000,000,CT22UJ Guaranteed Floating Rate **Notes** 1998

The interest rate applicable to the above Notes in respect of the initial Interest period comthe initial Interest period com-mencing 13th June 1986 will be 712% per annum.

interest amounting to 407.90 per US\$ 10,000 US\$407.90 US\$407.90 per US\$10,000 principal amount of the Notes will be paid on 15th December 1986 against presentation of Coupon No. 2.

Bank Leumi (UK) Pic Principal Paying Agent PROVINCE OF **NOVA SCOTIA**

7.50% 1972-1987 Loan of FF 100,000,000

The amortisation due on 15th july 1986 for which a sum of 10,000,000 has been set aside has been met entirely by purchases on the market. Amount remaining in circulation after 15th July 1986: FF, 25,000,000.

The Fiscal Agent BANQUE PARIBAS (Luxembourg) SA

Italian International Bank Pic

U.S. \$ 30,000,000 Subordinated Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from June 16, 1986 to December 16, 1986 the Notes will carry an Interest Plate of 736% per annum and the Coupon Amount per US \$10,000 will be US \$374.90

The Agent Bank KREDIETBANK S.A. LUXEMBOURGEOISE

GOLD FIELDS COAL LIMITED

(Formerly The Clydesdale (Transvaal) Collieries Lim (Incorporated in the Republic of South Africa) (Registr. Jon No. 01/01124/05)

DECLARATION OF DIVIDEND

Interim dividend No. 146 of 50 cents per share has today been declared in South Airican currency, payable to shareholders registered in the books of the company at the close of business on 27 June 1988.

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company. Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on at before 27 June 1986 in accordance with the abovementioned conditions. The register of members of the company will be closed from 28 Jun 3 to 4 July 1988, inclusive.

By order of the Board Per pro CONSOLIDATED GOLD FIELDS PLC Mrs G. M. A. Gledhil, Se

A MEMBER OF THE GOLD FIELDS GROUP

TRANS-NATAL COAL CORPORATION LIMITED (incorporated in the Republic of South Africa) Registration No. 63/01000/06 SING OF REGISTERS AND PAYMENT OF INTEREST ON 12.7% UNSECUREP SUBORDINATED COMPULSORILY CONVERTIBLE DESENTURES

CONVERTIBLE DESENTURES

NOTICE IS HEREBY GIVEN that interest for the period ending 30 June 1986 will be payable to holders of the abovementioned debentures registered in the books of the company at the close of business on 4 July 1986.

The registers of debenture holders will be close from 5 July 1986 to 18 July 1986, both days inclusive.

The interest is declared in the currency of the Republic of South Africaturers of the registers of south Africaturers of the the following ruling on 12 August 1986 or the arx day thereafter on which a rate of exchange is obtainable.

Non-resident shareholders tax of 10 per cent will be deducted from the interest payable to debenture bolders whose registered addresses are outside the Resubilic of South Africa. Interest cheques dated 29 August 1986 will be pos

CREDIT D'EQUIPEMENT DES PÉTITES ET MOYENNES ENTREPRISES Bond Issue of US\$ 250 million

Floating Rate 1982/92 The rate of interest applicable

to the interest applicable to the interest period from June 12 1986 up to December 12 1986 as determined by the reference agent is 7½ per cent per annum namely US\$378.07 per note of US\$10,000.

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traded at discounts to issue rate market. Marks and price slightly outside its fees. Spencer's recent \$150m 10-year despite the fact that traders bond traded at a margin over the terms as fair. Foreign commercial banks are

pean bonds provided the pro-ceeds are not brought into Japan for lending. Certain Japanese banks are also permitted such issues.

Although banks have been free to borrow since the beginning of this month, so far only Bank of Tokyo and Citi-

being allowed to launch Euro-

panies.

Dealers were surprised that recently, this bond met a Citicorp was the first foreign bank to issue, since there had been speculation that Barclays Bank would be the debut borrower. Bankers say that other issuers have delayed planned for TD Mortagen guaranteed for TD Mortagen guaranteed. issuers have delayed planned bonds in view of the weakness of the market and thin swap

opportunities.
In the dollar sector Credit Sweden. At the time of launch. lead-manager said it expected the market was buoyed by a the bond to move slowly, al-

CITICORP became the first nonJapanese bank directly to tap
the Euroyen market yesterday
with a Y20bn financing led by
Citicorp Investment Bank.
Daiwa Europe and Yasuda Trust
were co-lead managers.

As a number of other issues
for foreign banks are expected,
the 64 per cent seven-year bond.
Priced at 1018, met a cautious
responds from investors. It
responds from investors. It
responds of discounts to issue price around defered coupon FRN for
the levels of its total fees.
Dealers regarded its 84 per cent is no interest payment or
accrual during the bond's first
year of life, but thereafter
interest payments are at 295
hasis points over six-month
Libor. Fees total 20 basis
points.

Elsewhere in the dollar fixed-rate market Marks and to 30 basis points narrower

than at launch.

In the sterling market,
Abbey National borrowed floating-rate funds for the second time with a £200m deal brought seven year bond, paying 10 basis points over three-month London interbank offered rate and prices at 100.05, follows a 15-year floating-rate note (FRN) corp have done so, with deals launched last October. led by their subsidiary com- As new sterling FRN issues

for TD Mortgage, guaranteed by parent Toronto Dominion Bank. The five-year bond pays 10 per cent coupons and has an issue orice of 100f. As the First Boston launched a Canadian dollar market has eight-year deal for been depressed recently, the

In Continental currencies

trading was quiet but prices edged up by about i per cent in the D-Mark sector. In the Swiss franc market prices drifted lower by about 1 point. The French franc market saw a new equity-related bond for Societe des Ciments Français. societe des Ciments Français, the cement company. This was not included in the June calendar, since equity-related bonds may be issued on a more informal basis than fixed-rate

The FFr 350m issue was led by Banque Paribas. The coupon was set at 61 per cent. The was set at 6½ per cent. The bond matures in 10 years time. and any unconverted portion at that date will be repaid in shares. Pricing will take place on June 18, but the conversion premium is expected to b et at 15 per cent over the share price.

of the fixed-rate French franc market, this convertible issue was enthusiastically received by investors, and traded at a hid price of 99 against a par issue

Alexander Nicoll on the controversy surrounding the role of inter-dealer brokers

AIBD market-maker proposals under fire

AT THE Association of Internal, but are nowhere to be found in already taken off for the traded on a when-issued basis, completely unacceptable and around a document that most participants had not even seen.

the impending regulation of "hangeron."

London securities markets into "The rules should not be con-

making markets in Eurobonds proposed by the newly-formed secondary market-makers' committee-itself set up under AIBD auspices after a separate Albb auspices after a separate splinter group was formed and then disbanded.

The idea is to establish a register of "reporting dealers"

register of "reporting dealers" and to set out the commitments this would entail. "We're forming a club to cater to the wants of market-makers," says one committee member. Reporting dealers would have to meet requirements on how many issues in which they made two-way prices, when they did so, to whom, and what they disclosed whom, and what they disclosed about trades and prices. Firms not meeting these stipulations could be expelled from the club by the committee. Underlying the proposals is a

view that a market which traded, \$2,200bn of bonds last year could no longer afford to be too loosely-knit, "Sunshine traders," who make prices in fair weather

tional Bond Dealers' (AIBD) foul, should not enjoy the same annual meeting in Singapore privileges accorded to true market-makers — that is, the commitment of a market-maker participants had not even seen. to deal with them. The rules Since traders returned to their would establish a basis for desks and read it, passions have dealers to trade with one-been running even higher. another, with the aim of aiding The argument has brought liquidity while cutting out the

the spotlight for many Euro-fused with the requirements, bond traders. But even more still not defined, that the AIBD sensitive is the revival of a will have to meet if it is to be question which has caused striff precognised as a self-policing in the Eurobond market for a investment exchange in the decade: What should be the role new regulatory structure of inter-dealer brokers?

London securities markets now London securities markets now At issue is a set of rules for being set up. Market-makers new naking markets in Eurobonds probably make up only some 80 proposed by the newly-formed firms, mostly London-based, out econdary market-makers' com- of the AIBD's 800-strong membership.

Meeting standards

Yet they obviously represent the core of the secondary market, and any steps they take to set up a market structure, including provisions for dis-closing traded and closing prices, will help towards meet-ing the UK standards Mr John Wolters, AIBD secretary Wolters, AIBD secretary general, told members in the May circular that, once the dealers' register is established, "all AIBD market information services will from then on be based exclusively on data transmitted by registered dealers."

The first aspect of the proposals which caused irritation

(estivities in Singapore, but That falls under the jurisdiction were not distributed at the of the International Primary meeting there. Dealers were Market Association. In the grey asked to sign application forms market the role of brokers is which appeared to commit them even more controversial, since to observing the rules proposed by the committee. These sensi-tivities appear to have been smoothed over for now as the committee has made clear that discussed, and not dictated, at a meeting of would-be market-makers in London on July 11.

But the festering issue is the role of brokers. According to the proposals, the committee would compile a list of recog-

which undertook to transact business only between report-ing dealers. By the end of each day—and this is the crunch— the identities of all counter-parties to such trades would be disclosed to each other.

Brokers have operated in the

Eurobond market only for about half of its 20-year life. The rationale for dealing through brokers is the anonymity they provide for traders unwilling to tip their hands to competitors. This is particularly apealing to US houses, which are accustomed to dealing in this way on Wall Street. Yet it is a two-edged sword, since the anonymity also leads to suspicions in the market that brokers make prices to the dealers' end-customers. Brokers deny the

posals which caused irritation was the manner of their publication. They landed on dealers' flesks in Europe after many had the proposed rules do not apply to what could be even more of a minefield: the grey market in which new bonds are

co-managers often unload hold-ings of new bonds anonymously manager is supporting the price. Many lead managers would favour the disclosure of counterparties in the grey market because they feel it would pre-vent co-managers from taking on unwanted commitments and lead to fairer pricing of issues. But in the secondary market, there is considerable opposition—and not just from US houses and the brokers them-

closure of counterparties. Anonymity at risk

Three years ago, the full AIBD conference narrowly voted down a ruling which would have forced member brokers to deal only with market-makers. The current proposal is an attempt to achieve the same end through a different route.

On senior London trader says: "It's all due to the old school that wants to trade dealer-to-dealer. I do not want to make prices to my competition. The whole point of dealing with brokers is anonymity. Sometimes we get orders which take a couple of days to execute. Under these rules, our name firms' positions on the new would be given up as soon as rules. They are setting the scene

Mr Sandy Joyce, whose firm, Purcell Graham, pioneered Eurobond broking, believes that

even some committee members He also points out that Purcell Graham, which is an AIBD member could continue making markets and would not be required to register as an interdealer broker.

"Why should we publicise to the world who we're doing business with?" he asks. "People would take note, and say let's do business directly,

One argument advanced for selves-to the proposed disis that sizes of disclosure is that sizes or individual deals are getting larger, increasing the credit risks involved in dealing through a broker.

Another issue initially raised by the proposals was the sug-gestion that reporting dealers should make markets in at least a quarter of a given sector of the market to at least two-thirds of market-makers. This is opposed by smaller firms and is seen as potentially reducing liquidity in issues which are already in Issues which are already illiquid. But the commit-tee has indicated that it is willing to be flexible, and this is no longer seen as a serious

Informal gatherings are taking place at present to clarify we had done part of the order. for what promises to be a lively The idea of giving up names is debate on July 11.

problem.

DM monthly calendar dropped

THE BUNDESBANK yesterday said that it was abolishing the monthly, publicly announced new issues calendar for D-mark Eurobonds as from next month. Instead, there will be private, fortnightly registration of new

The decision comes in the wake of criticism that the monthly registration procedure was destabilising the market since unrealistically large calendars were being filed.

a decision so soon. They were pleased to see that registration would be private, since there for issues which have depended had been fears that two-weekly on the appearance of swap publicly announced timetables

FT INTERNATIONAL BOND SERVICE

would only upset the market In May, DM 18.7bn of new bonds were scheduled, whereas only DM 4.5bn materialised. So

West German bankers have far this month, only DM 925m, been pressing the Bundesbank comprising seven issues, has to shorten the calendar for some time, but did not expect the calendar. the calendar.

> opportunities, which cannot be assessed on a monthly timescale. Fortnightly registration should make it somewhat easier to assess market conditions.

Samurai issue. By Peter Montagnon, Euromarket

in 15-year

World Bank

THE WORLD BANK has launched a Y30bn, 15-year bond issue in the Japanese domestic.

market, the first of an innova-tive series of bonds designed to boost the appeal of its paper to local investors.

The issue, which carries a 6 per cent, coupon and an issue price of par, will be known as series 34 and may be merged with any subsequent bonds with any subsequent coupon and maturity date to create a large block of World Bank paper in the so-called Samurai market. The World Bank believes that this will add to the trading liquidity of its paper in Japan, although initial reception of the bond was lukewarm because of

That liorestors perceived as its aggressive pricing.
This is the first time that the World Bank has launched an issue with a life as long as 15 years in the Japanese market. life of any issue by the bank

was 134 years.
The World Bank also said that the Japanese authorities have not before permited the issue of bonds in fungible series the Japanese government itself.
The offering was launched through a syndicate of securities firms led by Nixto Securities in association with a group.

HK approves money market unit trusts

HONG KONG'S Securities Com-inission is to approve the establishment of unit trusts, investing in money market instruments denominated in Hong Kong dollars, AP-DJ re-

ports.

The commission will examine each application to create such trusts individually. It will set trusts individually. It will set a minimum level of subscription by each investor at HK\$50,000 (US\$6,400) and require at least 20 per cent of a trust's assets to be placed on call with banks or deposit-taking companies. The trusts would be permitted to invest only in approved capital market instruments. They would be allowed neither to use the word cash in their names nor to compare themselves in advertisements to banks or DTCs.

The conditions are aimed at diluting the impact of the trusts on Hong Kong's long-standing interest rate agreement, under which the Hong Kong Association of Banks sets the maximum

tion of Banks sets the maximum rate banks are allowed to pay Some bankers and analysts had warned that money market trusts could undermine that agreement by allowing investors access to the higher interest rates of the interbank market.

Euromoney offer closed

By Our Euromarkets Correspondent THE -INTERNATIONAL share offer by Euromoney Publica-tions closed early yesterday when Merrill Lynch set a price

of \$4.50 on each of the 3.17m shares on offer.

The price is above the initially indicated and in the initial state of the initial stat ally indicated minimum of £4.50 and results in an effective mar-

ket capitalisation of Euromoney at £92.55m. Merrill Lynch said the offer, which takes the form of a Luxembourg-listed international

NatWest Investment Bank opens doors next Monday

BY DAVID LASCELLES

NATWEST Investment Bank (NWIB), the investment banking arm of the National West-minster Bank, is to open its

dipors next Monday.

The new entity, which will have capital of £311m, will combine the London stock exchange one the London stock exchange operations acquired by NatWest lover the last two years, with County Bank, its merchant bank, as well as fund management and other corporate finance and capital market operations in the UK and abroad.

Mr Charles Villiers, the chief executive, said the formation

executive, said the formation of the group was a crucial step in NatWest's move towards global investment banking, and

was intended to meet growing competition in the world finan-cial markets from the US and

The new group, which was first announced last year, will have five major operating divi-sions: County (advice and finance). County NatWest Capital Markets (debt securities), County Securities (equity securities). County Personal Financial Services, and County

Investment Management.

Its main overseas operations will be in the US (where Nat-West has applied for permission to supply brokerage and research services) and Japan, where a securities dealing licence—is—being sought.

Setback for Harrisons

BY OUR FINANCIAL STAFF

HARRISONS Malaysian Planta- there is an improvement, the cline in pre-tax profits to 129.4m the year just ended.
ringgit (\$49.5m) in the year to
March, affected by weak commodi1.06bn ringgit to 754 by prices and severe competition. The company warned yesterday flat at 20.8m ringgit. that, although levels of crop productained in the current year, prices particularly for palm products "con-

tions suffered a 33.6 per cent de-sults for the year will fall short of 1.06bn ringgit to 754m ringgit while investment and other income was

tion were expected to be main- at 18.7 cents against 29.1 cents. Harrisons proposes to pay a total divi-

WORLD ECONOMIC INDICATORS

every Monday–Only in the Financial Times

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depositary receipt issue, had attracted substantial inter-

*No information available—previous day's price.

† Only one market makes supplied a price.

Stealght Bouds: The yield is the yield to rademption of the midgrice; the amount issued is in millions of carrency-units except for
Yen bouds where it is in billions. Change on week-Change over
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Weak dollar hits Beecham profits

BY MARTIN DICKSON

Beecham Group, the pharmacenticals and consumer products company, coupled its announcement yesterday of an asset disposal programe with 1985-86 financial results showing pre-tax profits only slightly up, totalling £303.8m compared to a restated £299.8m.

The figures were adversely affected by the fall in the US dollar, with currency transla-tion differences reducing pre-tax profits by £21.2m. The second half saw a 7.2 per cent growth in taxable profits. com-pared to a first half decline of 5 per cent, when restated at year end rates, while the company said it showed an encouraging improvement in

growth.

Lord Keith of Castleacre, who took over as chairman late last year when Sir Ronald Halstead was ousted in a boardroom coup, said that the year had by most standards been unsatisfac-

While turnover was up 13.7 per cent in the 12 months to March 31, pre-tax profits were only 1.3 per cent ahead and earnings per share were up marginally at 23.16p (23.01p).

This meant earnings per share had been on a plateau for the last four years. Lord Keith said this was unacceptable and it was one of the factors which had prompted the management



Lord Keith (left) chairman of Beecham and Mr John Robb,

t was one of the factors which tish-American Cosmetics and other tade of the factors which tish-American Cosmetics and consumer products accounting Norcliff Thayer, the US overing the counter medicine business. Lord Keith said Norcliff was However, the board expected already performing well and (£36.7m).

the proceeds of the disposory of the year to 12p. a 6.2 per cent in 1986-87.

Profits from prescription and OTC medicines totalled £185.7m (£176.1m), with the prescription side flat at £146.7m (£186.9m) and OTC producing to the year in the year i

profit by 11.2 per cent while rest of Europe showed a 24.2 per cent rise. The Americas saw a 19.1 per cent drop, due to a trading loss in the cosmetics business, reduced profits from home improvement products and the dollar's decline.

The UK improved its trading

Turnover for the year totalled £2.6bn (£2.3bn), while the trading profit was £335.4m (£321.5m). There was a net interest charge of £29.5m (£23.5m) and the tax charge totalled £126.1m (£131.3m).

The cost of acquisitions in the year totalled £287.1m. financed by an increase of £230.7m in group net debt and a positive net cash flow from operations. Gearing was 33.3 per cent at the year-end, compared with 14.3 per cent at the

The board was committed to the restoration of that dyna-

Plantations profits dive at James Finlay

DESPITE A substantial reduc- £24.77m to £2.1m.

The group's rate of profit reduction has accelerated. In the second half it made only the second half it made only f1.94m pre-tax, against £25.66m, to leave the year's total at £8.29m (£37.94m). Divisionally the greatest fall was in plantations, and geographically in Africa.

Turnover fell from £236.35m to £194m and trading and investment income from £35m to £14m. This was exacerbated by an exchange loss this time of £5m (gain £2.2m) and share of associates loss £759,000 (profit £696,000).

Banking services, finance and

tion in earnings from 20.4p to
5.5p in 1985, the James Finlay
group is holding its dividend at
4.15p with an unchanged second
interim of 2.15p.

Energy related interests include certain tangible fixed is called for August 1.

Energy related interests include certain tangible fixed is called for August 1.

There are extraordinary
vicing ran into a deficit of credits of £1.36m (debits £1.9m compared with a profit of £78,000). These comparise gain
institute and having sw

investments.

All geographical areas were down on the previous year and two showed losses. UK and the Republic of Ireland accounted for £4.9m (£6.6m), North America loss £96.000 (profit £2.4m), Australasia £30,000 (£344.000), Africa £5.4m (£21.8m), and Asia loss £1.92m (profit £6.7m).
The profit was struck after

Banking services, manice and the profit was struck after international confirming contribution fell from £2.48m to Tax takes £3.5m (£19m) and issued shares of the company, and a tax charge of 42.5 per to £333,000, trading, manufacturing and merchanting from £8m £296,000 (debit £311,000). shares, and to amend the rules to £4.9m, and plantations from Accounts have been prepared on of the savings-related share average for a depressed sector.

an historical basis modified to option scheme. Annual meeting

credits of £1.36m (debits Tea and oil are an unpalatable £78.000). These comprise gain mixture and having swallowed on sale of associate and subsi-However, there was a lift diaries £1.86m, profit on dis-from £2.76m to £3.17m in profit posal of land and buildings from confectionery and £80,000 less deficit on revalua-beverage manufacturing and a rise from £66,000 to £718,000 subsidiary £192,000, and losses in net gains on the disposal of on closure of divisions of subsi-

its fill last year, James Finlay looks particularly sick. But this year's outlook is brighter. Banking and confirming should 180.000 less deficit on revaluation of land and building of a subsidiary £192.000, and losses on closure of divisions of subsidiaries and closure of associates £245.000 and £143.000 respectively.

The major categories of tangible fixed assets were revalued at end 1985. Despite adverse foreign exchange movements the net asset value has risen some 4p to 126.4p per share.

The directors are seeking authorisation to allot the unissued shares of the company,



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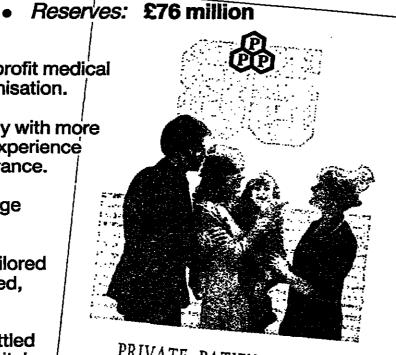
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Tomkins responds to Pegler on bid costs

By David Goodhart

Pegler-Hattersley, fighting a £193m bld from mini-conglomerate F. H. Tomkins, yesterday stressed that the £10.5m cost of a successful bid represented close to 40 per cent of Tomkins net

But Mr Greg Hutchings. Tomkins chief executive, said that such expenses, including stamp duty and underwriting costs, were an inevitable part of a big bid. He added that some of the expenses were success-geared, and thus the cost of failure was far lower. "This is a fuss about noth-"Inis is a tuss about nothing and don't forget we have a 14 per cent stake so we stand to make a huge capital gain," he said.

Commenting on Pegler's latest circular to shareholders he said it was "thoroughly boring and repetitive — like their profits." The document points to the

potential dilution that would be suffered by Pegler sharebe suffered by Pegier snare-holders if Tomkins were suc-cessful: they would provide 75 per cent of pre-tax profits and 86 per cent of net assets but only 62 per cent of the equity of the combined group.

It adds that not only would acceptance of the Tomkins ordinary share offer leave shareholders exposed to the risks inherent in Tomkins' paper, but would also cause a fall in income of 70 per cent for the ordinary offer and 23 per cent for convertible preference shares.

Mr Michael Moore, chairman of Tomkins, retorted in Tomkins own document that Tomkins own document that Pegler had raised red herrings to divert attention from the key issue of management quality. The Pegler board could and should have done better — and in the four years to March 1985 it had increased earnings per share by less than one per cent a year, compared with Tomkins' 33 per cent annual growth

33 per cent annual growth rate over five years.
He concludes: "How can your board claim that our final offer is inadequate when only nine weeks ago the Pegler share price was less than 400p and when less than a year ago two of the three executive directors declined shares at 252p under Pegler SAYE share option scheme SAYE share option scheme."
Tomkins fell 2p to close at
303p and Pegler rose 10p to
close at 602p. The final closing date is next Tuesday.

ISC results delay on rights rumours

The International Signal & Control Group, the US-based defence electronics supplier, has postponed the announce-ment of its preliminary reresults, due to be published yesterday, until today, amid stock market rumours that the company is poised to launch a substantial rights

Rumours about the possi-bility of an ISC rights issue have circulated for the last two or three months. It is thought that the company may need to raise capital to finance a series of acquisi-tions and a large defence contract recently won in the Middle East.

Hazlewood buys snack companies

Hazlewood Foods is buying three snack food companies for a minimum of £4.2m in cash and shares. They are STS Packaging for £3m, Nut Kernel for £918,000 and Chaucer Foods for £500,000, plus profits-related payments for the next three years.

STS in 1985 made pre-tax profits of £500,000 and had assets of £621,000. In the year to March 31 1986 Nut Kernel pre-tax profits were £153,000 and in the year to the end of July 1985 Chancer reported taxable profits of £104,000.

Brierley raises Hampton stake

IEP Securities, a company controlled by New Zealand businessman Mr Ron Brierley, has raised its stake in Hampton Gold Mining Areas to 8.79 per cent. Hampton is defend-ing a \$40.9m bid from Metal Exploration, a company con-trolled by Australian financier Mr Alan Bond, which holds 23 per cent of the equity and has received undertakings to accept his offer from holders of another 9.4 per cent.

TI purchase

TI Group has exercised its option to acquire Alco Standard Corporation's interest in Ahar Ipsen International. The buy-out has been completed at a price of US\$11.5m.

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Westland dividend pointer after £8m midway profit

BY LIONEL BARBER

Westland, the British helicopter manufacturer rescued carlier this year by Sikorsky, the US helicopter maker, and Flat of Italy, yesterday announced an interim return to profit after last year's heavy loss. It also held out the prospect of a final dividend for the

full year. For the six months to March 31, the group made £7.8m pre-tax profits compared with £4.8m for the similar period in 1985. This rise was followed by a full year loss of £95.3m before tax. On March 7 this year, after an intense political and financial battle. Westland completed a contested £75m capital recon-struction involving Sikorsky and Fiat taking a minority share-holding in the company.

Sir John Cuckney, the com-pany doctor invited by the Bank of England to become Westland chairman last summer, des-cribed the result yesterday as encouraging and said he hoped to recommend a final dividend. But he warned that major problems, such as improving efficiency and productivity, remained to be solved.

Westland shares rose sharply to close at 86p. up 15p on the day. For the past few weeks they have been trading around the 70p mark.

The bulk of pre-tax profits came from the group's technologies division which produced \$5.3m (£5.1m) on £43.2m turnover, despite a drop in orders in the first half. The shortfall, linked to delays in the Tornado aircraft, have subsequently been made good. Westland's helicopter busi-

ess—the recent problem area -reduced losses before tax by E1.4m to £0.5m on marginally increased turnover of £95m.



Sir John Cuckney, chairman of Westland

(British) Defence budget means that we will have to work hard to avoid cuts to what is already a small forward order book." Sir John said.

showed a marked rise in turn-over from £11.1m to £26.4m. Pre-tax profits rose from £2m to

Operating profits before interest amounted to £12.3m (£9.9m) while earnings per share increased from 2.2p to 6.5p. The latter figures are based on the weighted average of ordinary shares and preferred ordinary during the period with 1985 figures adjusted for the bonus element of a rights ignus which formed of a rights issue which formed part of the rescue package. There is no interim dividend.

Sir John said that the redun-

last year had been carried out, cutting the workforce by 1,040 19 per cent) in the 12 months to 1986. But he warned that manning levels had to be related to the company's order

comment

Sir John Cuckney's broad hint sir John Cucancy's broad mint that a final dividend is on the way explains why Hanson Trust —and perhaps those six mystery shareholders—chose to invest in a near-bankrupt heli-copter business this year. If anything, the company's financial position is sounder than appears in the balance sheet; the effect of the capital reconstruction shows up only for three weeks, so the full year figures should benefit further from lower interest charges. There is also a likely write-back of some £10m into the balance sheet now that Mr Gandbi has sheet now that Mr Gandhi has agreed to the long-awaited order for 21 W30. Westland is trying to reduce its dependence on helicopters from the present 60 per cent of turnover to less than 50 per cent, mainly through the Sikorsky/Fiat techno-ogy link. A tight Ministry of Defence budget makes this im-perative, even after discoun-ing the departure of Mr Heseltine. But Westland is still com-mitted to finding markets for Sikorsky's Black Hawk, and to an expensive European col-laborative venture for a light attack helicopter. Cuts in a still overmanned workforce are inevitable, if productivity is to rise. The danger lies in union opposition, particularly after the company's proposal not to offer a wage risc this year.

There are penalty clauses in Westland's current order book and a strike could ruin what is obviously painful progress to

600 Group drops to £6.7m

ment and a large number of subsidiaries did substantially better, the 600 Group's pre-tax profit and earnings for the year orded March 31 1986 are well below expectations, reports the chairman Sir Jack Wellings,

chairman Sir Jack Wellings,
Turnover moved up to £203m
(£187m), operating profit to
£11.99m (£9.32m) and trading
profit to £6m (£5.74m) after
much higher interest charges of
£2.98m (£1.09m).

Clausing Industrial Distribution
group, F. Pratt Engineering,
Meba Maschines and the inclusion of their borrowings.

They are all contributing at
the trading levels predicted and But after a reduced surplus on sales of properties £461,000 (£1.04m) and share of related

companies £133,000 (£846,000), the year's pre-tax profit is down to £6.71m (£7.62m). Earnings were 9.1p (11.2p). Sir Jack says the disappoint-

ing result can be attributed to four main factors: operations last year's £1.59m profit was turned into a £488,000 loss at the trading level. The group suffered severe competi-

Secondly, the continuing recession and adverse local exchange rates in the South-East Asia companies led to heavy losses in Malaysia, Indonesia and Singapore. These were further aggravated by bad debts and other provisions debts and other provisions.

Thirdly, the unprecedented increase in products liability increase in products liability insurance premiums, a problem affecting most companies exporting to the US, resulted in an increase in premiums of £600,000 per annum.

Fourthly, a reduction in profits solely due to the continuing adverse exchange rate on conversion into sterling.

The chairman says the strategic plan for the group was continued, expanding existing businesses, introducing new pro-ducts and closing a number of unprofitable areas.

A split of the turnover and trading profit shows:— manufacturing £62.67m (£49.38m) and £3.72m (£636,000): UK trading companies £28.9m (£25.3m) and

Tenby offer oversubscribed

Tenby Industries has become the second offer for sale in as many days to close fully subscribed in spite of the volatile state of the market.

Rowe and Pitman, jointbrokers to the Tenby issue, said yesterday that the offer had closed "marginally over sub-scribed." On Tuesday, Guthrie Corporation came through its flotation with applications for 1.1 times the number of shares on offer.

The level of institutional sup-port for Tenby could indicate a recovery of confidence in issues of reasonable quality said the brokers. "The stags saw nothing of interest in this one but the professionals seemed happy to back it and its good to get an issue of an engineering/electrical company fully subscribed in this market," added Rowe and Pitman.

Tenby, formerly a subsidiary of BSR, was offering 60 per cent of its shares, 10.56m in all, at 112p. The basis for allocating share applications should be announced today with dealings due to start on June 19.

ALTHOUGH operating and trad-lng profits showed an improve-ment and a large number of Elm (£2.38m); iron and steel Pratt acquisitions are now subsidiaries did substantially £70m (£80m) and loss £488,000 absorbed, prospects in the

the trading levels predicted and all costs associated with integration have been absorbed. However, gross borrowings as a proportion of shareholders' funds had increased only from

Tax takes £2.5m (£2.47m) and

group suffered severe competition from exports of scrap surpluses from the US and very competitive prices as the dollar fell. and there was a serious effect on margins.

Secondly, the severe competitive prices are the dollar fell. and there was a serious effect on margins.

Secondly, the severe competition and the property of a further of the equity.

A disappointing set of results awaiting delivery of a further of the equity.

It also said that it had been advised of notices of wither of the equity of the equity.

The profits were more than 11m reducing the "valid acceptances" to 45.4 per cent. The total contents of the equity of the equity.

machine tool and engineering market are unexciting. Forecast profits of 18m and a tax charge of 38 per cent puts the shares at 123p on a p/e of 11. which seems generous, despite the yield of 6.2 per cent.

23 per cent at the beginning of the year to 32 per cent at the

down on expectations, largely due to the collapse in the scrap metal market and the interest charges incurred in the last bout of acquisitions. Even a favourable exchange rate move is unlikely to improve the out-

Bestwood claims more CGA shares

Bestwood said vesterday that Bestwood said yesterday that it had made further advances in its increasingly bitter fight with Frederick Place Holdings for the Country Gentlemen's Association. It said that it owned or had valid acceptances Firstly, in the iron and steel final dividend is 3.435p for a perations last year's £1.59m net total of 5.775p (5.5p).

In the iron and steel final dividend is 3.435p for a for 45.8 per cent of CGA shares, net total of 5.775p (5.5p).

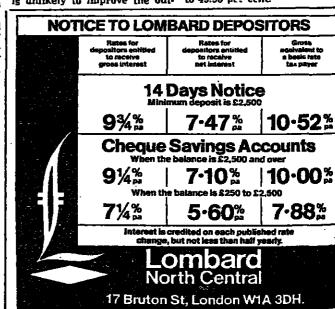
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In the iron and steel final dividend is 3.435p for a for 45.8 per cent of CGA shares, net total of 5.775p (5.5p).

awaiting delivery of a further 0.3p per cent of the equity.



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High	Low	 Company 	Price	Change	div.(p	1 **	Actual	12×60			
146	118	Ass. Brit. Ind. Ord	131	_	73	56	80	7.3			
151	121	Ass. Brit. Ind. CULS	131 qd	_	70.0	78					
120	43	Airsprung Group	120	_	6.4	5.3	20.0	29.1			
48	28	Armitage & Rhodes	28	_	4.3	15.4	35	4.2			
178	108	Bardon Hill	178	_	4.0	22	22.5	23.4			
75	42	Bray Technologies	75	+ 1	43	5.7	89	8.1			
201	80	CCL Ordinary	80	- -	2.9	36	5.7	8.9			
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122	101	Jackson Group	120	_	6.1	5.1	8.2	7.3			
345	228	James Burrough	335±d	+ 8	15.0	4.5	10 6	10 6			
99	85	James Burrough Spc Pl	59	+ 05	12.9	13.0	_	_			
95	56	John Howard Group	57×d		5.0	88	_				
1470	570	Minihouse Holding NV	1420		8.7	80	46.9	55 B			
380	260	Record Ridgway Ord.	380	_	_	_	6.8	11.7			
100	89	Record Ridgway 10pcPf	89×d	-	14.1	158	_	_			
82	- 32	Robert Jenkins	70	– 1	_	_	9.1	20.0			
34	28	Scruttons "A"	30	_	_	_	_	7.7			
87	65	Torday & Cartisle	76	+ 1	57	66	3.8	70			
370	320	Trevian Holdings	320	_	7.9	25	6.7	8.8			
57	25	Unilock Holdings	563	-	2.1	38	15.2	14 9			
175	93	Walter Alexander	169	_	8.5	6.1	9.5	11.7			
226	190	W. S. Yeales	190	_	17,4	9.2	19.0	21.1			
	8—Suspended										

The Little

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and points

Priday July 19 19

Premier in £19m oil and gas deal with Burmah

the previous year.

The assets to be exchanged include £9m in cash, a 8.4per cent interest in the Thistle Field in the North Sea and an field, as well as a number of onshore and offshore licences in the UK and interests in Columbia an dthe US.

In return, Burmah wili receive 72.2m shares in Permier. in oil and gas, while neducing equal to 25 per cent of the company, which it plans to hold for the fall in the oil free at least a year. Two directors Burman's oil interests, which from Burman, including Mr made a profit of £13.1m in 1985. edial to 25 per cent of the com-pany, which it plans to hold for at least a year. Two directors from Burmah, including Mr Lawrence Urquhart, managing director, will poin the board of Premier, and Mr Roland Shaw, Premier's chairman, will become a director of Burmah become a director of Burmah. Mr Shaw said yesterday that Burman's assets "dove-tailed nicely" with Premier's. The

an all share deal worth about Deveron interests, which are 1188m. At the same time currently producing about 5.6m Premier announced a small barrels a day, will provide decline in pre-tax profits for steady income, while Wytch the year to end March 1986 to farm, in which Premier holds 4.42m, compared to \$4.54m in 12.5 per cent stake, -resches that wasniture wear. full production.

There will be tax advantages arising from the deal, as Premier's exploration costs will be offset against Thistle's PRT bill. Burman, which announced earlier this year heavy reductions in its exploration tudget, said resterday that the deal, would maintain its investment.

have become unprofitable, and are expected to show a loss of £1.5m in the first half of the current year. Mr Shaw hopes to return them to profitability by another reduction in over-

In the year to March,

fields, the independent come cash balances of about £15m. (£9.9m), while gross profits were pany, has agreed to buy Burmah. which would allow the company unchanged at £6.9m, as were Oil's entire oil and gas explora to make further acquisitions, profits after tax of 53.8m. tion and production interests in he said. The Thistle and Figures for 1986 are calculated

During the year the company increased production by 44 percent, but was hit by the sharp fall in oil prices and by adverse currency movements. Mr Shaw warned that without the Burnah assets, results for the current year would be much lower.

There is again no dividend for 1985-86 but another one-for-10 1985-96 but another one-for-10 scrip issue is proposed.

At Wyrch Farm, production is now running at between 5,000 and 7,000 barriels a day. Two appraisal wells have been successfully drilled on Furzey Island, and work is under way to increase production to 60,000 barrels a day.

In the North Sea Premier has been held back in its planned

been held back in its planned appraisal work on Block 29/9b as a result of cuts in the exploration budgets of its

See Lex

COMPANY NEWS IN BRIEF

NEW THORGMORTON TRUST (1983), reports an increase of 46 per cent from 106.19 to 154.5p in the net asset value per 25p capital share in the year to March 31 1986. The final dividend is raised from 17p to 21p for an ingressed final dividend is raised from 1.7p to 2.1p for an increased total of 3.35p (2.7p). Stated earnings per share were 3.51p (2.8p), an increase of 25.4 per cent. Pre-tax revenue was higher at £1.95m (£1.54m). Tax took £576,000 (£446,000).

SECURITIES, property investment and development, reports earnings of velopment, reports earnings of 5.94p (5.49p) for the year ended. Warch 31 1986, and is raising £475,564 (£413,613). The dividend to 0.715p (0.65p) with a final of 0.53375p. Turnover came to £6.78m (£9.50m) (£769,000). Total receivable annual income is over £1m. Borrowings are higher because activity

(men's fashion designer and retailer), pushed up turnover to £10.85m (£7.38m) and profit to £403,000 (£304,000) in year ended March 31 1986, Earnings are 8.3p (2.6p) after tax £174,000 (£126,000), and final dividend is 1.1p for a net total of 1.65p (1.5p). Company is

increased earnings per 10p income share to 11.35p (9.65p) in the year-to May 21 1986. The final dividend is 5.5p for a nettotal of 11.3p (9.65p). Asset value per capital share rose to 303 8p (200.5p). Gross revenue.

over came to £6.78m (£8.69m) (Holdings) reported pre-tax and pre-tax profit to £820,000 profits of £23,000 for the 28 profits of £23,000 for the 28 weeks to April 12 1986, against losses last time of £430,000. Turnover fell to £7.24m (£7.89m). Earnings per share came out at 0.5p (8.4p losses). Mr George Menzies, chairman, says the improved results re-

Date Corre Total of spending for a payment payment of diverging and 7.5 santon 65 santon D. F. Bevan (Hldgs) 2nd int-11

scarce. Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues: ‡ USM stock. § Unquoted stock. § In lieu of final for year to March 31 1986.

STERLING INDUSTRIES, light engineer, raised pre-tax profits to £858,000 (£590,000) for the year ended March 31 1986, on year ended March 31 1986, on turnover of £8.17m (£6.87m). Earnings per 2½p share were 4.23p (3.11p) and the dividend 2.75p.(2.25p) net with a 2p final. Preportion of Crewkerne In-vestments profit attributable to Sterling was £343,000 (£295,000).

ALPINE SOFT DRINKS made a greetix profit of £63,000 (£272,000 loss) for the year coded March 29 1986, on turnover of £14.52m (£15.11m). Earnings per 10p share were 0.5p (1.83p loss) and a final dividend of 1.217p makes a stital of 1.817p (1.8p). Severe competition together with a very poor start to the summer period means that volumes remain under pressure. ALPINE SOFT DRINKS med

HANSON TRUST has sold the two specialist paper-making businesses of Robert Fletcher on Son to Melton Meades a Son to Melon: Meanes, a privately-comed industrial joen-pany.: The two were ewned by Imperial Eroup: which Haushntook over after a fierce battle two months ago. Hanson said that the sales, which netted less than £5m, had been started by Imperial before the takeover.

overdraft of £235,000 and half company debt, redu Bullers bank borrowings

The Littlewoods Organisation PLC

£60,000,000

TENDER PANEL ACCEPTANCE CREDIT AND CASH ADVANCE FACILITY

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BET becomes force in security Conversion with £33m Shorrock purchase holders go

BY CHARLES BATCHELOR

BET, the laundries, transport security industry in a big way

Steam Navigation yesterday revealed that 67 per cent of shareholders in Stock Converfor the first time. sion, the property company, had accepted the eash alterna-tive in its £462m agreed bid, Shozzock, which supplies native, sophisticated security systems. The to the Royal family, the White. Shorroot House and high risk buildings the character as nuclear power stations tive, D. leaving an equivalent amount of P&O shares with the sub-

However, having received acceptances amounting to 95.3 per cent of Stock Conversion's ordinary shares, P&O declared its offer uncondi-The security group was valued at £24m when it obtained 720p per share is now closed. P&O shares suffered yester-day, closing at 513p, down 5p on the day. This compares with an underwriting price of

540p. and its advisers, Hambros, said they were relaxed about the large amount of P&O stock left with the sub-underwriters, mostly institutional clients of mostly institutional clients of the two brokers involved in the bid, Houre Govetr and Patamure Gordon. Hambros said "that several key Stock Conversion share-

Stock

for cash

holders — the Levy family, Stockley, the property com-pany, and discretionary clients of Henry Ansbacher, the merchant bank — had made it clear that they intended to take the eash alternative. They represented more than 40 per cent of the Stock Conversion shares.

Stock Conversion shares.

It was also pointed out that the stock market had proved volatile in recent weeks.

P&O, chaired by Sir Jeffrey Sterling, revealed the bid for Stock Conversion in April as part of a #526m takeover package which included the purchase of Overseas Containing. tainers, a leading containing shipping operator, in waich it aiready held a 47 per cent

BET is offering 71 of its own security and construction services group, shares for every 200 of Shoris making an agreed bid worth rock. With BET's shares unfall and for Shorrock, the electronic security company, in a bid was valued at 138.4p per move which takes BET into the Shorrock share. The Shorrock

tive, Dr Stanley Shorrock, who and large industrial sites, fits BET's aim of extending its range of services to industrial

a full stock market listing in March 1985. Its shares lan guished below the flotation price of 100p for a long time but last month Shorrock announced a 36 per cent increase in pre-tax profits to £1.8m in 1985 on turnover which rose 31 per cent to £16.9m.

statement regarding the current year's prospects pushed up the shares of Caffyns, the south of England motor dealer. They rose 8p to close at 243p.

The directors are also looking

for a substantial reduction in

interest charges, reflecting a decline in borrowings following

the sales of properties and the fall in interest rates generally.

In 1985-86 trading improved

on both sales and service sides, with particularly good increases

coming from the leasing and used-car departments. This led to turnover rising from £92.6m to almost £108m and trading prufit from £1.34m to £1.7m—

share price rose 18p to 130p, the level of the BET cash alter-The bid has the backing of Shorrock's directors, headed by the chairman and chief execu-

together own a total of 25.9 per cent of the equity. They are recommendation that other shareholders accept the offer.

BET said it had started talking to Shorrock "vaguely"

Caffyns confident as

A 22 per cent increase in profits percentage growth of 16.5 and to £638,000 for the year ended 28 respectively.

March 31, 1986 and an optimistic Adding in surplus on statement regarding the current branch rationalisation £482,000

profits rise by 22%

about three months ago. It was anxious to get an agreed bid to avoid defections among manageavoid perecions among management and to preserve Shorrock's client base. It also wanted to agree a deal at a level which would not dilute BET's own earnings per share. the M BET already has a small pany.

Tax takes £113,000 (£101,000)

to leave earnings at 13.39p (10.28p). The final dividend is

the greater part of the business generated by them. These will raise £3.62m before September and produce a surplus of over £1m in the current year.

security operation, Arrow Security Systems, which has allowed it to test the market, immediate, sizeable stake in the

Shorrock's Shorrock's emphasis on government, industrial and commercial customers, as opposed to the residential alarm market, nesses supplying laundry sersystems and plant hire to these

An agreed takeover will free Shorrock from the threat of a hostile bid and give it the resources to expand overseas. particularly in the US, BET

In April BET acknowledged the failure of its attempt to acquire SGB, the scaffolding group, when SGB found a "white knight" in the shape of the Maulelenary in the shape of the Mowlem construction com-

Approach to Wemyss Trust

yesterday disclosed it was in talks with a potential bidder. The shares closed 20p higher at 610p. Last month. Wemyss said that

(£419,000) and deducting interest charges £1.56m (£1.23m), leaves the pre-tax profit balance at £638,000 (£50.000) its net asset value had slipped from 661p to 659p over the year to March 31 1986. Earnings per share also fell from 13.3p to 11.2p, but the Wemyss board aid this was not significant.

At March 31, Wemyss's net assets of £14.8m were spread in the UK (50 per cent); North America (30 per cent); Aus-tralia (15 per cent); and Japan (5 per cent), according to the group's interim statement. Available profits totalled £251,000 (£300,000) and Wemyss declared an interim dividend of

8p per share for the year to September 30 1986.

attack on Dixons' bid

renews

Woolworth

Woolworth yesterday launched a strong attack on Dixons' re-vised £1.82bn takeover bid. claiming it would flood the stock market with Dixons' shares without providing a viable retailing formula for Woolwards

Woolworth.
Mr Geoff Mulcahy, Woolworth
said "The chief executive, said "The masses of Dixons' paper which would flood the market would depress the share price for months if not years.

"Dixons' so-called plans for Woolworth are flawed. Any attempt at implementation would be costly, disruptive and damage the profitability of both Woolworths and Dixons. They would require Dixons to achieve a totally unrealistic estimated 40 per cent of the slow-growing high street electrical goods mar

Mr Muleahy criticised Dixons' failure to make proposals for more than 5m sq ft of Woolworths space, and described Dixons retail plans as "a damp Dixons responded that Wool-

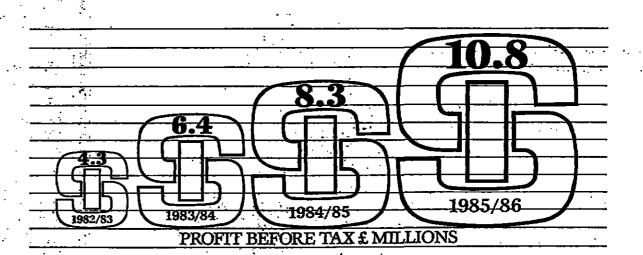
worths' comments took the argument no further.

Woolworth's shares continued to fall yesterday, closing 35p lower at 760p. This showed shareholders were taking pro-fits, expecting the bid to fail, Woolworth said. Dixons' shares also fell by 4p to 228p.

SEP INDUSTRIAL Holdings has contracted to purchase Maurice fied by £437,500 in cash, the issue of 862,069 shares and £60,000 unsecured loan stock 1987. Company's brokers are placing 2m new shares to refinance most of the cash acquisition cost.

"The third consecutive year of impressive profit growth"

W. K. ROBERTS, CHAIRMAN



PROFIT BEFORE TAX UP BY 31% EARNINGS PER SHARE UP 34% TO 53.1p DIVIDEND INCREASED TO 17.5p PER SHARE

Staveley Industries plc

Staveley House, 11 Dingwall Road, Croydon CR9 3DB Telephone: 01-688 4404

in interest charges helped Staveley Industries to increase pre-tax profits by 31 per cent in the year to March 29 1986. The directors say that the company has a sound base and are confident that there will be growth both at home and overseas.

On turnover down by 5 per cent from £185.59m to £175.92m, taxable profit came out at £10.84m (£8.27m). Earnings per £1 share were 53.1p (39.5p), net basis, and on a nil basis 44.2p (37.2p). With a proposed final payment of 12p (11p), the total dividend is increased from 15.5p to 17.5p.

Directors add that the quality of profit has improved throughout the group.

Operating profit was £12.14. (£10.8m) with a further £1.45m (£1.18m) from interest received. Interest charges were down from £3.7m to £2.75m.

At the trading level the best improvement was seen in other engineering interests, up from £472,000 to £1.08m. All businesses made good progress particularly Lapointe and Sleeman. Electrical and mechanical services was affected by the depressed construction industry and results improved only slightly from £1.7m to £1.73m.

Weighing and components benefited from the continued improvement in profitability of NCI following its merger with Electroscale. Trading profits rose to £1.5m (£1.22m).

STAVELEY INDS

at £1.41m (£1.22m). In the minerals division British Salt had another good year, the directors state, with tight con-

cent, the weak dollar US interest rates.

Capital spending was £5.5m. This reflects, the directors say, the less capital intensive nature of the group's present activi-

rose to £1.5m (£1.22m).

Despite the adverse effect of the weak dollar, profits from industrial measurement came

(£1.85m) and minorities added able levels, Staveley is intent on acquisitions to augment both US and UK activities and to feel the dollar, profits from industrial measurement came

(£1.85m) and minorities added able levels, Staveley is intent on acquisitions to augment both US and UK activities and to including an reduce its reliance on minerals.

adequate provision to cover any non-recovery of deferred consideration on the sale, five years ago, of the Standard Machine Tool in Canada.

Dividends absorbed £2.91m (£2.55m), leaving retained pro-fit at £4.8m, against £2.2m last

comment

Having been dismissed as a dull, but worthy minerals stock dull, but worthy minerals stock for so many years, Staveley has emerged as something of a market favourite in the last year or so and its share price has soared accordingly. The appearance of these prepeliminary results sent the shares soaring further, by 20p to 523p, yesterday. Although minerals still provide the bulk of profits—and were bouyed by of profits—and were bouyed by the icy winter—Staveley now looks towards its weighing and industrial measurement activities for growth. The performance of the electrical and mechanical services division was trol of costs being helped by the hard winter.

perhaps the most encouraging, however. Last year the sector was no less competitive than Interest costs fell due to lower borrowings, down fam to f9.4m with gearing of 19 per cent, the weak dollar and lower US interest rates securing profits growth. The City expects a surge in profits to £12m next year, producing a prospective p/e of 9 which seems modest considering the company's growth potential.

Now that horrowings have been whittled away to more manage-able levels, Staveley is intent

lifts profits by 26% to £8.4m

Caledonia Investments, the investment holding company which holds 49 per cent of British & Commonwealth Shipping. improved pre-tax profits by 26 per cent in the year to March 31 1986, from £6.64m to £8.38m.

The company is to lift the final dividend by 0.7p to 3p. making a total of 5p (4p) for the year. Earnings per share came to 5.73p, 1.2p up on last

Investment income rose from £6.06m to £7.12m, with that from the investment in B & C adding by far the most at £5.77m against £4.65m. Other investments made £1.35m (£1.41m). Net interest added £324,000 (£37,000), and there were management expenses of £186.000 (£183.000).

Turnover on trading activities was up from £9.5m to £11.04m. producing operating profits of £1.18m (£900,000).

After a tax charge of £2.65m (£2.13m) and dividends totalling £4.89m (3.93m), the company retained profits of £737,000 (£546.000).

• Amber Industrial Holdings, the industrial acrosol manufacturer which is controlled by Caledonia, also reported figures for the same period yesterday, showing a profit of £968,000 pre-tax on turnover of £8.95m. compared with £696,000 and £7.09m respectively. The total dividend is 8.5p (6p) on earnIan Rodger looks at the revival of Blackwood Hodge

Back in the land of the living

wood Hodge's startling appearance as a white knight in the bidding for Benford Concrete Machinery, the move has served notice that the big construction equipment distributor is back in the land of the living after

nearly going bust in 1983.

The bid also marks the first show of interes by BH in manufacturing as opposed to distribution, implicitly raising the question of whether there is much of a future for an inter-national distributing group in today's brutal construction equipment markets.

BH made its name and its fortune in the gloriously prosperous post-war years when countries around the world were laying down long motor-ways, building huge hydro-electric dams and digging into vast mineral deposits. The com-pany brought them all the giant earthmoving machines they needed, representing Terex of the US and other major manu-

BH men would march into a project office offering not only a complete package of equipment but also assurances of excellent (and highly lucrative) spares and maintenance service that only a strong international group could provide. BH's pro-motonal stunts and entertain-

ment for customers were legendary.
The good days came to an end in the late 1970s after the oil crisis had stopped big civil engineering projects in many countries. By 1982, the world market for construction equipment was down by a third, and some of the markets in which BH had thrived—Nigeria and Canada—had dried up. BH sales fell from a peak of £350m in 1981 to £198m last year.

But the partying at the group's lavish Berkeley Square headquarters went on until very late in the day. In mid 1992

headquarters went on until very late in the day. In mid 1983, net borrowings were nearly double net worth of £37.5m, losses were piling up and there seemed to be no end in sight to the slump in the market. In November, 1983, the company's debts. At the end of 1982, BH major equipment supplier, the West German IBH group which half the level of group turn-over. By the end of last year,

Motors, went bust.

BH shares plunged to a low of 7p that year, valuing the com-



Mr Renneth L. Scobie, manag-ing director of Blackwood

SIX YEAR PERFORMANCE ANALYSIS Operating profit Pre-tax profit (loss Earnings (losses) (pence) Shareholders' funds

* Debit. † Adjusted. "BH regarded itself as a super-market. If the products were in

analysts did not give it much of a chance of survival. In October, 1983, Sir William Shapland, the man who had led snapiand, the man who had red the company through most of the boom years, retired at the age of 71: A few months later, Mr Kenneth Scobie, a Scottish accountant with a background in engineering industry rescue jobs, was brought in as managexpectation."
Group borrowings remain un-

However, that year the company still managed to make its first attributable profit since 1980, and last year, pre-tax profits reached f7.2m, more than double the 1984 level. The recovery so far has been due mainly to cuts in stocks, enabling the company to reduce

the yard, it could sell them. But if there are no jobs, no one is going to buy equipment. Now we stock in relation to market

comfortably high at £33.4m compared with shareholders' funds of £31m, and Mr Scobie knows that further major gains on working capital are not pos-sible. Nor is it likely that BH will be able to trade out of its debt problems on the basis of its existing distribution busi-

has taken over from the bull-dozer as the largest selling type having an excavator franchise in its home market.

and it sells Kobelco equipment made its first modest acqui tion in years, of a Welsh distri-butor of Detroit Diesel Allison

But it is slow going, Further,

(£m) (£m) (£m) (£m)

more, the need for a highly professional, international disas it was in the days when BH was it was in the days when Bh was servicing huge fleets of machines on remote project sites. Today's machines are highly reliable and the small ones are easy to maintain. "For Terex, part of which was rescued by General Motors, is no longer at the core of the construction equipment industry. With the demise of mega projects, the accent today is on smaller equipment used to build houses and repair roads. The hydraulic excavator has taken over from the built. manufacturing through the Benford bid. Another motiva-tion is the need to build up a of equipment, and BH is in the UK carnings base. Only £2.tm embarrassing position of not of last year's £13.2m operating profit came from this country.

The Benford asset base would

Mr Scobie has worked hard olso help to strengthen BHs to pick up new franchises, notably from the increasingly powerful Japanese manufacturers. BH now represents the bid fails, the company might soon "look at another operation of this kind."

This advertisement complies with the requirements of the Council of The Stock Exchange

US \$75,000,000

UB Investments plc (Registered in Scotland under the Companies Act 1948)

6½ per cent. Bonds 1996

Guaranteed by United Biscuits (Holdings) plc (Registered in Scotland under the Companies Acts 1929 and 1947)

20,325,000 Warrants

to subscribe Ordinary Shares

United Biscuits (Holdings) plc The issue price of one Bond and 271 Warrants is 100 per cent, of the principal amount of a Bond The following have agreed to subscribe or procure subscribers for the Bonds and the Warrants:

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Lloyds Merchant Bank Limited

Morgan Stanley International

Morgan Grenfell & Co. Limited **Deutsche Bank Capital Markets Limited Morgan Guaranty Ltd**

Swiss Bank Corporation International Limited

Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the Bonds and the Warrants to be admitted separately to the Official List. The Bonds will bear interest as from 25 June 1986 at the rate of 6 2 per cent, per annum payable annually in arrear on 25 June,

the first such payment (representing a full year's interest) to be made on 25 June 1987. Particulars of the Bonds and the Warrants are available in the statistical service of Extel Statistical Services Limited, Listing

Particulars of the Bonds and the Warrants may be obtained during usual business hours up to and including 17 June 1986 from the Company Announcements Office of The Stock Exchange and up to and including 27 April 1986 from:

UB Investments plc United Biscuits (Holdings) plc

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Rowe & Pitman Ltd. London LC2M 21A

Wood, Mackenzie & Co., Roman House Wood Street London LC21 5BT

Bankers Trust Company 60 Old Broad Street Loudon EC2P 2EE

13 June 1986.

Notice of Early Redemption



12% Sterling Foreign Currency Bonds of 1979 Due July 15, 1991

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of July 25, 1979 between European Investment Bank (the "Issuer"), and The Chase Manhattan Bank (National Association) as Fiscal Agent, all the above-mentioned Bonds (the "Bonds") will be redeemed on July 15, 1986 (the "Redemption Date") at the price of 101% of their principal amount, together with interest accrued to the Redemption Date. Payment will be made upon presentation and surrender of the Bonds at the below listed paying agencies, together with all appurtenant coupons maturing subsequent to the Redemption Date. The amount of any missing, unmatured coupons will be deducted from the sum otherwise due for payment. Interest on the Bonds shall cease to accrue from and after the Redemption Date. shall cease to accrue from and after the Redemption Date.

Payments will be made at any of the following paying agencies listed below:

The Chase Manhattan Bank, N.A. Corporate Sinking Fund Operations Box 2020, 1 New York Plaza-14th Floor New York, N.Y. 10081

The Chase Manhattan Bank, N.A. (London) Woolgate House, Coleman Street London EC2P 2HD, England

The Chase Manhattan Bank, S.A. (Luxembourg) 47 Boulevard Royal Luxembourg, Luxembourg

Banque de Commerce, S.A. 51-52 Avenue des Arts B-1040 Brussels, Belgium

Fiscal Agent and American Paying Agent

Dated: June 13, 1986

EUROPEAN INVESTMENT BANK

By The Chase Manhattan Bank (National Association),

recovery in second half AS PREDICTED at the interim ated development costs should

B. Elliott tops £1m after

AS PREDICTED at the interim ated development costs should stage, B. Elliott recovered from be somewhat lower.

a first-half loss to show an Machine tool merchanting improvement in full-year results. Pre-tax profits for the but overall made a useful continuous from £668,000 to £1.11m, on reduced turnover of £66.6m, metal cutting division which decirate £71.06m.

gainst £71.08m. livered some major contracts in Mr Mark Russell, the chair- the second half. man. says the outlook for this machine tools and engineering continued to suffer from a products group is encouraging reduction in demand. The group products group is encouraging in most of its operations. He is confident that the improved performance will continue in the current year with the added contribution of recent the total cost of this reorganisation (£849.000) has been sation (£849.000) has been

Much has been done, and is included in an extraordinary seing done, to improve the charge of £564,000. being done, to improve the engineering and production efficiency of the machine tool manufacturing business, but it

is an investment for the longer term, the chairman states. The final dividend is 2n net, which raises the total by 50 per which raises the total by 50 percent from 2p to 3p. Stated earnings per 25p share were up from 2.5p to 4.9p.

First-half loss was £730.000 (£167,000 profit). Mr Russell says the group is normally more

profitable in the second half than the first, but this year the difference is particularly strik-ing because of a combination of factors affecting the group's UK machine tool and overseas operations.

In the UK, the machine tool

division turned in a profit of £198,000 (£620,000). Butler Newall made a second-half trading profit of £246,000 following a loss of £976,000 in the first. Major problems arose in com-pleting the final development and commissioning of machines for General Motors in the US, but output is now flowing more

The present outlook is brighter with orders in hand, at better margins, to fill most of the company's manufacturing capacity for the current year and associ-

BARLOWS. Manchester-based packer and warehousing company, reported pre-tax profits of £21,000 for 1985 against losses last time of £6,000. Turnover, excluding freight recharges, was up at £510,000 (£450,000). Earnings per £1 share, before extraordinary credits of £311,000, came out at 4p (1p losses) and there is a maintained single payment of 7.5p. Earnings after extraordinaries were 111.2p.

JOHN PERKINS MEATS pre-tax profits fell from £363,000 to £162,000 for the 26 weeks ended March 29 1986 on turnover of £8.17m (£9.3m). The interim dividend has been restored at 0.6p (nil) but directors say it is not to be taken as an indication of the level of the final. After tax of £51.000 (£134.000) earnings per share are shown as 1.2p (2.86p).

MOSSKIRK holds 3.42m ordi-nary shares (68.48 per cent) of New Australia Investment. having received acceptances of 1.33m (26.68 per cent) for its offer, which has become unconditional

ANNUAL MEETINGS

Bodycote to seek listing for Dutch subsidiary

national revealed at the annual gical heat treatment. meeting that preliminary steps
were being taken for the intro288p yesterday. duction to the Dutch stock market of a limited proportion of shares in its wholly owned Dutch subsidiary, KLM Kleding-

Bodycote, advised by Kempen and Co of Amsterdam, expected that an initial public offering of the shares would be achieved has now completed the con-solidation of its merchanting activities into the division's headquarters site in Acton and in the autumn. Although Body-cote's investment in KLM Echo —a maker of career apparel and protective clothing—would be reduced, the company said it intended to retain a controlling interest. Series it had "the right product at the right time."

■ Coates Brothers—In the current year to date, sales and profits both in the UK and over the coates.

interest. The engineering businesses generally continued to make sound progress and increased The proceeds of the sale would provide funds available for use elsewhere in the group, including in particular, the vertising—The poster side had their pre-tax contribution to £839.000 (£314.000). Overseas, the group made an overall profit of £316,000 (£15,000 loss).

THE BOARD of Bodycote Inter- field of sub-contracted metallir-Bodycote's shares rose 28p to

horrowings would be reduced. The company was still in a competitive market environment, but believed that in the 8000 Series if had "the right product

rent year to date, sales and profits both in the UK and over-seas were running ahead of the

vertising—The poster side had experienced difficult market board's commitment to main-experienced difficult me tain, both technologically and conditions in the early particular, the metal treating the year and this would be ment division's position in the flected in interim results. conditions in the early part of the year and this would be re-

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange in London.

Banque Nationale de Paris

£50,000,000 9 per cent. Notes 1993 Issue Price 99% per cent.

Kleinwort Benson Limited Credit Suisse First Boston Limited

Banque Bruxelles Lambert'S.A. Baring Brothers & Co., Limited Daiwa Europe Limited Dresdner Bank

Aktiengesellschaft Hill Samuel & Co. Limited Salomon Brothers International Limited

Swiss Bank Corporation International Limited

Banque Nationale de Paris Morgan Guaranty Ltd

Barclays Merchant Bank Limited Citicorp Investment Bank Limited Deutsche Bank Capital Markets Limited Genossenschaftliche Zentralbank AG Vienna

The Nikko Securities Co., (Europe) Ltd. J. Henry Schroder Wagg & Co. Limited Sumitomo Finance International S. G. Warburg & Co. Ltd.

Application has been made to the Council of The Stock Exchange in London for the Notes, in the denomination of £5,000, to be admitted to the Official List.

A description of the terms and conditions of the Notes is available in the statistical services of Extel Statistical Services Limited. Listing particulars of the Notes may be obtained during usual business hours up to and including 17th June 1986 from the Company Announcements Office of The Stock Exchange and up to and including 27th June 1986 from:

Kleinwort Benson Limited 20 Fenchurch Street London EC3P3DB

Banque Nationale de Paris plc 8-13 King William Street London EC4P4HS

Kleinwort Grieveson and Co. 20 Fenchurch Street London EC3P 3DB

17th June 1986

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Marie Comment

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MUAL MEETINGS

h subsidiary

to seek listing

Thermal Scientific MORMANCE ANALYSIS to over £3m

Thermal Scientific has continued its growth with the help of acquisitions. In the second half it has made a profit of £2.1m to give a pre-tax total of £3.18m for the year ended March 31 1986.

Organic growth was 25 per cent and there was a first time contribution of £1.02m from companies acquired during the year. One of those was Killion Extruders, a US maker of small screw plastics extruders, and this has boosted the American share of trading profits to nearly 40 per cent.

The year's profit compares with £1,03m in 198485. The other major purchase was Torvac Holdings, a UK maker of vacuum furnaces and electron

On capital increased by rights and acquisition issues the final dividend is 3.5p for a net total of 5p, compared with not less than 4p forecast and with 3p paid last time. Also recommended is a 1-for-1 scrip issue. The year-end balance sheetn strengthened considerably, with net tangible assets up from £4,26m to £10.09m, or from 59p to 95.5p per share. There was a net cash surplus of

The directors say the business in major growth areas. The range of potential acquisition what remains a popular stock, opportunities has increased, and. The one for one scrip issue since the year end Sharetree helps underline the buy-while-has been bought for £2m. This still-hot message:

TODAY

FUTURE DATES

is the largest maker of burn-in equipment in the UK. Turnover in 1985-86 of this USM traded group expanded from £7.66m to £20m. Tax takes £1.18m (£460,000) to leave carnings at £2.1p (11.4p) per share.

For the current year the directors are looking forward to continued growth.

comment

Hugh Sykes' Thermal Scientific continues to grow at an impres-sive rate with its clutch of sive rate with its clutch of furnace and oven making companies taking a strong hold in the world market following the acquisition of Killion in the US With 2.64m in the bank, further acquisitions on the same scale, perhaps for a mix of cash and paper, seem likely this year although all will need to obey Sykes "no earnings dilution" rule. There is still quite a lot torule. There is still quite a lot to-come from what has already, been purchased, however, and the strengthened management team at head office will be lookteam at head ounce will be looking to both cut out some fat and take advantage of any trading synergies thrown up among the 12 acquisitions since July 1983. For this year a pretax total of 4.5m should be achievable which muts the ax usal or sam should be achievable, which puts the shares at 490p; up 22p, on a prospective multiple of 181—which seems underdone for

based company whose business the company's vertically inte-is turning dream kitchens into

reality for customers who do not blink at a bill of £20,000, is poised to achieve an ambi- operation and installation staff tion of its own: It will be com—enables it to provide a ing to the unlisted securities kitchen to meet each customer's market next week at a value of just under flom through a placing by Steel Beech, the Bristol stockbrokers.

Acquisitions boost A bespoke service on offer as...

Founded in 1976 as a partner-ship between Mr. Graham Clark, now managing diffector, and Mr. Charlest Smallbone, now pro-duction director, the business originally specialised in restor-ing antiques and making tradi-tional-style furniture.

However, the spartners soon spotted an increasing demand for a complete design and installation service at the luxury end of the fitted kitchen market, and in 1972 they launched a range of piner kitchen furniture which they put on sale through their first showroom in west London.

The following year saw not only the incorporation of the company, but also the launch of company, but also the faunch or an advertising campaign through the pages of glossy home interior magazines—a campaign which has become an established part of the marketing strategy. Sales rapidly took

The difference between Smallbone and other fitted kitchen process.
suppliers is that it offers a bespoke service to the top end supplier of the market. Although its kitchens come of a task," says Mr Clark."What

ing divisions showed improved

After tax earnings per 10p

share rose from a restated 9.8p to 14.8p and the dividend total is increased by 0.6p to 2.8p net, with a final of 1.6p.

On April 2, the group paid 22.1m for Uncle Wong Food Products, maker of chilled and frozen prepared meals. The 1986 results and the correspond-

ing figures have therefore been restated to include Uncle Wong's results for the full period, in accordance with

Smallbone, the Wiltshire from one of three basic ranges, we offer people instead is a total esign concept."

Mr Clark says demand has designers, factories, retailing

Dreams are turned into reality

Richard Tomkins

of Smallbone on

required

suppliers

All-round improvement

Slaters Food Products, USM. were £247,000 (£178,000 for 52 quoted food manufacturer and weeks to February 28 1985).

lifts Slaters to £1.2m

previews the launch

the unlisted market

individual requirements. Even

dog kennels are incorporated if

Sales tend to be concentrated

"Going around 25 different

In the current year it is anticipated that the group will

have a turnover in excess of

£10m in product areas other

than frozen sausage and beef-burgers. Group turnover in 1985-86 increased to £22.25m

(£17.27m). Mr Derek Cooper, the chairman, says the group's opportu-nities from its broader product

and customer base are more exciting than at any previous stage in the group's development.

As a result, the directors view

s to put together a og package is one hell

soared because people are generally prepared to spend about 10 per cent of the house purchase price on their kitchen. "Back in 1980 about £4,000 used to be top whack, but now it's nothing to get an order worth £20,000 from people you wouldn't consider wealthy," he

has now grown to 11, including one in Harrods. Last year two ranges of bedroom furniture were added to the company's products and this year it is expanding into bathrooms.

The prospectus for next week's placing will show profits rising from £24,000 to £788,000 in the last five years on turn-over up from £1.8m to £10.5m. However, this excludes the ill-

says.
The number of showrooms

However, this excludes the ill-starred acquisition of a floor tiling company called Sheppard Day in 1984, a company which made heavy losses and was liquidated in March. About 1.5m shares will be sold in the placing at around 165p, a price which would put the company on a historic

sales tend to be concentrated in the more prosperous parts of the country—notably the South-East—where people have increasing amounts of money to spend em furnishing their homes, but are decreasingly inclined to spend time on the process.

"Going around 25 different to surgrispley, would meeter to surprisingly, would prefer to be compared with Laura Ashley on a historic p/e of nearly 30.

Brownlee improves in

CONTINUING LOSSES in substantially to final exceptional trading conditions since the W. Lang (Paisley) acquisitions and South Africa have again hit Thomas French and Sons, But its underlying strength and recovery prospects.

There were further to final exceptional trading conditions since the W. Lang (Paisley) acquisition last August have prevented the group from exploiting strength and recovery prospects.

There were further to final exceptional trading conditions since the W. Lang (Paisley) acquisition last August have prevented the group from exploiting strength and recovery prospects. ever, that the group remains confident of the benefit in the

Paisley.

Mr. Jack says that as the full

Earnings per share are shown as 4.1p (9.3p).

quoted food manufacturer and weeks to February 28 1985). distributor, lifted pre-tax profits to £1.17m for the year ended chase of a Manchester frozen April 5 1986, compared with a reported figure of £486,000 and £684,000 as restated. All operating divisions showed important. second half

ALTHOUGH second half profits of Brownlee, Glasgow-based timber and builders' merchant, improved over the first six months, the March 31 1986 total of £891,000 pre-tax, was far short of the previous year's

£2.6m The contribution in the second six months was £577,000 (£811,000) and while there was (881,000) and while there was no very significant upturn in demand, the period did not suffer in the same way as the first from the adverse effect on margins of the substantial stock held at the beginning of the year, the directors state.

year, the directors state.

Reduced stockholding at the year end is now more in line with expectations of sales in the immediate future, they add total turnover for 1985-86 was \$35.91 in (\$34.56m).

Mrd R. B. Jack, the chairman.

longer term and plans are well advanced for the introduction of an "all products" service at

Mr. Jack says that as the full year's results show that the decline in profitability has been arrested, the total dividend is maintained at 4p net per share wiht a final payment of 3p (2.7p). Also proposed is a one-for-two scrip issue.

Mr. Jack says that 1985/86 saaw the group at the bottom of a downturn and trading con-

a downturn and trading con-ditions remain difficult with little sign of an upsurge in de-mand. The group remains con-fident, however, "that we can more than hold our own and èven increase our market share in the intensely competitive environment in which we shall have to operate."

Profits for the year were after interest charges of £188,000 (£57,000)

AND AROUND THE WORLD . • J<u>UNE</u> •

BOARD MEETINGS

THE LONDON • ORIGINAL • PRINT FAIR

AT THE ROYAL ACADEMY OF ARTS.

EXHIBITIONS BY TOP DEALERS FROM LONDON FRIDAY 13 + SATURDAY 14 + SUNDAY 15 OPEN DAILY 10-6+ADMISSION £1.00

This advertisement complies with the requirements of the Council of The Stock Exchange

ECU 130,000,000

NIPPON TELEGRAPH AND

TELEPHONE CORPORATION

(incorporated in Japan under the Japanese Commencial Code and The Nippon Denshin Denwa Kabushiki Kaisha Luw)

7% Notes due 1993

Issue Price 1003/2%

BANQUE PARIBAS CAPITAL MARKETS LIMITED

BANK OF TOKYO INTERNATIONAL LIMITED

DAIWA EUROPE LIMITED

BANK OF TOKYO INTERNATIONAL LIMITED

ALGEMENE BANK NEDERLAND N.V.

BANQUE BRUXELLES LAMBERT S.A.

BANQUE GENERALE DU LUXEMBOURG S.A.

BANQUE INTERNATIONALE A LUXEMBOURG S.A.

CREDIT COMMERCIAL DE FRANCE

CREDIT SUISSE FIRST BOSTON LIMITED

DEUTSCHE BANK CAPITAL MARKETS LIMITED

GENERALE BANK

GOLDMAN SACHS INTERNATIONAL CORP.

IBI INTERNATIONAL LIMITED

MORGAN GUARANTY LID

THE NIKKO SECURITIES CO.. (EUROPE) LID.

NIPPON KANGYO KAKUMARU (EUROPE) LIMITED

SALOMON BROTHERS INTERNATIONAL LIMITED

UNION BANK CORPORATION INTERNATIONAL LIMITED

S. G. WARBURG & CO. LID.

YAMAICHI INTERNATIONAL (EUROPE) LIMITED

Application has been made for the Notes, in denominations of ECU 1,000 and ECU 10,000, constituting the above issue, to be admitted to the official list of The Stock Exchange, subject only to the issue of the temporary global Note. Interest will be payable annually on 2nd July, the first such payment being due on 2nd July, 1987. Particulars relating to Nippon Telegraph and Telephone Corporation and the Notes are available from Extel Statistical Services Lumited.

SETVICES LAMBOUR.

Copies of the listing particulars relating to the Notes have been published in the form of an Extel Card and may be obtained during normal business hours up to and including 17th June, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 27th June, 1986 from:—

Benque Paribas Capital Markets Limited 17/20 Lincoln's Ins Fields

London WC2A 3ED

The Bank of Tokyo, Ltd. Northgute House 20/24 Moorgate London ECJR 6DH

13th June, 1986

ENQUIRIES 01 244 7145

merger accounting principles. the future with confidence and Uncle Wong's pre-tax profits believe that prospects for the for the 57 weeks to April 5 1986 current year are elicobraging.

Sons. But its underlying strength and recovery prospects justify holding the interim dividend at 1.15p net per share,

the directors state.
In the half year ended March
29 1986 sales were maintained 29 1995 sales were maintained at £13.4m (£13.8m) but the pretax profit fell from £742,000 to £451,000. The UK increased its contribution by 26 per cent to £779,000, while the loss in Australia of £253,000 was due

House Govett Lei. Heron House High Holborn London WCIV 7PB

There were further operating losses of £177,000 in South Africa, and negotiations are advanced for the sale of this business.

Benefits of sales and new distribution agreements in Australia will be reflected in a better second half, but full impact will not come until next year, the directors state

year, the directors state.

Group products include curtain styling (Rufflette) and electronics. The directors say the half-time result obscures substantial progress made towards both recovery and the concentration and development of the business.

The sale last month of Lilleys Narrow Fabrics is expected to raise a minimum £900,000 cash. French has agreed to buy the minority 9 per cent holding in Tekdata for £266,250, to be met partly by the issue of \$75,000

After tax and minorities the half year's net profit came to £49,000 (£349,000) for earnings of 0.44p (3.1p).

${f BROWNLEE}$

PUBLIC LIMITED COMPANY Immorters and merchants of finiber, timber based products

RESULTS Year ended 31st March 1986 £000's

1985 £0000's TURNOVER 34,559 PROFIT BEFORE TAX 891 2,642 SHAREHOLDERS' FUNDS 16,660 16,464 EARNINGS PER ORD. SHARE 4.1p 9.3p 4.0p DIVIDEND PER ORD, SHARE 4.0p

Comments by the Chairman, Mr. R. B. Jack

Despite lack of significant upturn in demand modest improvement in profit achieved in second half of year.

Dividend distribution for year restored to same level as for

Confident of the longer term, benefits of acquisition during

year of W. Lang (Paisley) Limited.

Increase in market share attainable through continuing high standards of quality and service and identification of new markets and products.

Capitalisation issue of one for two proposed.

Annual General Meeting: 16th July 1986." Report and Accounts to be posted on 23rd June: Copies can be obtained thereafter from The Secretary, City Saw Mills. Craighall Road, Glasgow 64 9TP.



Grand Met reorganises

formed a new brewing and retailing division incorporating Wat-ney Mann & Truman Brewers, ney Mann & Truman Brewers,
The Berni and Host Group,
Clifton Inns and Holsten Distributors. Mr I. A. Martin, a director of Grand Metropolitan, and
currently chairman and chief
executive of Wainey Mann &
Truman Brewers, has been
appointed chairman and chief
executive of the brewing and appointed chairman and chief executive of the brewing and retailing division. Reporting to Mr Martin will be: Mr B. J. Gibbons, managing director of The Berni and Host Group: Mr J. Jagger, managing director of a group of agency companies comprising Holsten Distributors. Watney Mann National Sales and Watney Mann & Truman Brewers Export: Mr J. B. McGrath.

Watney Mann & Truman Strevers
Export; Mr J. B. McGrath,
managing director of Watney
Mann & Truman Brewers: Mr
A. O. Norman, managing director of Clifton Inns; Mr R. G.
Williams, managing director of
MER Property: Mr K. Holloway,
commercial affairs director; Mr
W D. Shardway, property of w. D. Shardlow, personnel and administration director; and Mr. B. Wright, finance director, who joins Grand Metropolitan from the Imperial Group, where he was the finance director of Imperial Brewing & Leisure.

Mr Michael Hammond has been appointed managing director of ALLIED BREWERIES TAKE ACLIED BREWERIES TAKE
HOME, the wholesaling company
serving the beer division of
Allied-Lyons from August 1. Mr
Hammond has been sales and
marketing director of Sol-Tenco
since the company was formed
in 1963.

Mr Jean-Claude Fauconnier
has been appointed general
manager of the MAY & BAKER
chemical division in succession
to Mr Alain Coine who has
recently taken up a new post in
Paris. Mr Fauconnier has been
with the Rhône-Poulenc Group,
May & Baker's parent company,
for 23 years and was previously
general manager of RhônePoulenc Netherlands. His new

*

As part of a management
reorganisation at PEERLESS
mr Pieter Hazenberg and Mr Edwards have been
appointed as group financial
director and company secretary
respectively. Mr Hazenberg
is financial director of five
group substidiary companies
and Mr Edwards is the
group chief accountant, Mr John
Michael Mason has relinquished

ries of May & Baker industrial, and financial director and has laboratory and photographic chemicals as well as Rhône-to assist the management as Poulenc (UK) and Rhône-Foulenc Systems.

TION, a company formed by Mercantile House Holdings and Automatic Data Processing Inc, has made the following appoint-Archer (Mercantile Information Systems), Mr Ric Duques (Automatic Data Processing Inc), Mr Stuart Goldsmith (Automatic Data Processing), Mr Stuart Goldsmith (Automatic Data Processing), Mr Ralph Koehree (ADP Firmancial Data Processing), Mr Ralph (ADP Firmancial Data Processin cessing). Mr Ralph Koehrer the new divisional managing (ADP Financial Information), director. At the same time, Dr D. Rowley, naval weapons divicial Information Services). Mr Sommer-tial Information Services). Mr John Reeve (Mercantile House Holdings), Mr Andrew Sommer-tille (Mercantile House Holdings), Mr Andrew Sommer-tille (Mercantile House Holdings).

ville (Mercantile House Hold-ings), and Mr Nigel Webber (Mercantile House Holdings).

Mr Jack Wigglesworth is to become head of distribution at LLOYDS MERCHANT BANK (GOVERNMENT BONDS), the new glits subsidiary of Lloyds Merchant Bank, formed earlier this year. He was until merchant Bank, formed earlier this year. He was until recently partner of W. Greenwell & Co. Mr Wigglesworth was a member of the Financial Futures Working Party and of the Steering Committee of LIFFE (London International Financial Futures Exchange) in 1980, and became a board director of LIFFE and a board director of LIFFE and chairman of the contract com-mittee in 1982.

GRAND METROPOLITAN has responsibilities cover the activithis post as company secretary

As part of its continuing pro ADP FINANCIAL INFORMA. gramme to streamline the com-ON, a company formed by pany's organisation, BRITISH AEROSPACE is to amalgamate its naval weapons division with the electronic systems and equip-ment division. The new division the new divisional managing director. At the same time, Dr

> Mr Ron Emery, director industrial relations; to succeed Mr Derek Gaulter as director general of the FEDERATION OF CIVIL ENGINEERING CONTRACTORS upon Mr Gaulter's retirement at the end of the year. Mr Jack Bowen will continue as deputy director general and will have overall responsibility for ex-ternal and economic affairs and public relations. Mr Ben Norton. director-legal affairs, has been appointed general secretary. His role will embrace legal affairs.

Mr R. H. Samuel has been appointed to the board of COSTAIN GROUP. Joining Costain in 1959, Mr Samuel has worked for group companies in Iran, Nigeria, the US and Britain. Currently he has overall responsibility within the wanter Currently he has overall responsibility within the newlyestablished engineering and construction organisation of the
group for UK managed mining
operations, dredging, concrete
products, the group's investment
in the GKN Kwikform scaffolding
business and for venture investments to promote construction ments to promote construction opportunities.

HARRISONS MALAYSIAN PLANTATIONS BERHAD

PRELIMINARY REPORT FOR THE YEAR ENDED 31st MARCH, 1986 The Directors announce that the unaudited results for the year ended 31st March, 1986,

were:		OUP			PANY	
· .	1986	1985		1986	1985	
	M\$'000	M\$'000	%	M\$'000	M\$.000	.%
Turnover .	753,983	1,062,299	(29)	19,426	38,215	(49)
Investment and other income	20,794	20,669		85,846	108,447	(21)
Operating profit	126,686	192.947	(34)	86,924	133,348	(33)
Associated companies	2,682	2,003	34	-		-
Profit before taxation						
(See Note 1) Taxation (See Note 2)	129,368 50,278	194,950 75,734	(34)	86,924 34,692	130.348 54,108	(33) (36)
Profit after taxation but		·	· ~			
before extraordinary items Minority interests	79,090	119,216	(34)	52,232	76,240	(31)
Ci.i.			(89)			
Extraordinary items	79,086	119,180	(34)	52,23 2	76,240	(31)
(See Note 3)	2,701	3,543	(24)	160		
Profit attributable to						
sbarebolders Dividends	81,787	122,723	(33)	52,392	76,240	(31)
Dividends	50,758	76,138	(33)	50,759	76,138	(33)
Retained profit for year	31,028	46,585	(33)	1,633	102	1,501
notes:						
		OUP			PANY	
•	1986	1985		1986	1985	
(1) After charging	M\$.000	M\$,000	.%	M\$.000	M\$.000	%
—Interest	963	1.382	. (30)	- 88	175	(50)
—Depreciation	23,096	20.965	10	420	133	216
(2) Taxation includes:	,	20,000	10		100	210
- Malaysia	49,661	73.518	(33)	34,692	54.108	(36)
U.K.	172	2,707	(94)			,00,
 Associated companies Over-provision of U.K. tax 	445	463	(4)	_	_	_
in respect of previous years		(954)		_	_	_
(3) The extraordinary items comprise the following:		.-				
Profit on sale of land	140	1.365	(90)	_		_
Profit on sale of investments	210	1,954	(89)	160	_	
Surplus on liquidation	2,351	224	950	_		
e de el ser la Tr	2,701	3,543	(24)	160		_
(4) The Directors have adopted	the polic	of valuin	e produc	e stocks at	cost to be	in line
with the amenoments to to	e unmor	DIRE Act	IORE T	hie maliam	hes the si	ffect of
increasing profits after tax l	DY M\$1.1	million (1	985 M \$3	LO million).	

GROUP Profit after taxation but before extraordinary items as percentage of turnover Profit after taxation but before extraordinary items 10.5% 11.2% 4.8% 18.7 \$3.93 as percentage of sharehoders' funds Net earnings per share (in Sen) Net tanglible assets backing per share 7.3% 29.1 83.85

1986 RESULTS

Production of all crops exceeded that of last year. However, all commodity prices were lower and, because of severe competition, profit margins from palm oil refining were reduced so that, as anticipated, profits were not up to last year's exceptional level.

	1985 GROUP M\$'000	1985 GROUP M\$'000	GRÖUP			
Profit for the first half year after taxation but before extraordinary items Profit for the second half year after taxation but before extraordinary items	43,527 35,559	69,095 50,085	(37)			
CURRENT YEAR'S PROSPECTS Crop production is expected to be similar to last year. Commodity prices, however, particularly Palm Products, continue to be depressed and unless there is an improvement the results for the year will fall short of the year just ended.						

(a) The Directors have declared a 2nd interim dividend of 7 sen per share less tax payable on 8th August 1986, and the transfer books of the Company will be closed at 5 p.m. on 4th July 1986, for the preparation of dividend warrants. The Directors will propose at the Annual General Meeting to be held on 6th August 1986, a final dividend of 7 sen per share less tax, which will be payable in January 1987.
(b) The 1st interim dividend of 6 sen per share less tax was paid on 30th April 1986.

(c) The total annual gross dividend per share		20 sen	30 sen
HARVESTED CROPS—TONNES	•		
Palm Oil Palm Kernels Rubber Cocoa Copra	850,171 178,766 51,412 56,526 7,242 6,929	787,688 161,441 46,455 51,545 5,544 6,063	

By Order of The Board MOHD. NADZIR MAHMUD

Kuala Lumpur 12th June 1986

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Floating Rate Notes Due 1987



For the six months 13th June, 1986 to 13th December, 1986

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 91/2 per cent and that the interest payable on the relevant interest payment date, 13th December, 1986 against Coupon No. 11 will be U.S. \$48-82. Agent Bank:

Morgan Guaranty Trust Company of New York



U.S.\$125,000,000 U.S.\$125,000,000
THE MORTGAGE BANK AND
FINANCIAL ADMINISTRATION AGENCY
OF THE KINGDOM OF DENMARK
(Kongeriget Danmarks Hypotekbank og
Finansforvaltaing)
Guaranteed Floating Rate Notes due 1999 Series 95
Redeemable at the Notebolders' Option in 1996
unconditionally guaranteed by unconditionally guaranteed by
THE KINGDOM OF DENMARK

NOTICE IS HEREBY GIVEN that parament to Condition 6(c) of the Notes. The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark has elected to redeem on July 15, 1966 (the "Redemption Date") all of its outstanding Floating Rase Notes due 1999 (the "Notes") at par. On and after the Redemption Date, interest on the Notes will cease to accrue. Payment will be made upon surrender of the Notes together with all coopone maturing after the date insed for redemption, at the offices of the Paying Agents as shown on the Notes. June 17, 1996

By: Citibenk, N.A., (CSSI Dept.), London Fiscal Agent

CITIBANCO



SONATRACH

Societe Nationale pour la Recherche. la Production, le Transport la Transformation et la Commercialisation des Hydrocarbuses

U.S.\$50,000,000 Guaranteed Floating Rate Notes due 1986 to 1992

For the six months 11th June 1986 to 11th December 1986 the Notes will carry an interest rate of 71/8% per annum Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

FT COMMERCIAL LAW REPORTS

Sellers to ensure ship can discharge

EURICO SpA v PHILIPP BROS Queen's Bench Division (Commercial Court): Mr Justice Staughton: May 20 1986

WHERE A contract of sale of goods affeat provides that the ship may discharge at any port to be nominated by the buyers from an agreed range, it is for the sellers to ensure that the ship is capable of discharging frem any such port, and they therefore can-not claim demurrage from the buyers for the time lost because the ship lies too deep in the water to enter the nominated port.

Mr Justice Staughton so held when allowing an appeal by Philipp Bros, buyers of cargo, from a decision of the Council of Appeal of the London Rice Brokers Association, that they were liable to the sellers, Eurico SpA, for demurtage incurred when the Epaphus vas unable to enter dock.

HIS LORDSHIP said that under the terms of a charterparty the Epaphus proceeded to India to load a cargo of rice, and to carry it to "one port East Africa." The charterparty provided that time for discharging was to count "from 8 am on next working day after ship is reported and in every respect

Pursuant to the charterparty rice was shipped at Kandla and bills of lading were issued providing for carriage to Mombasa. Then the original sale fell through. In consequence the cargo was sold afloat.

The bills of lading had come into the possession of Philipp Bros, the charterers' associated company. On May 6, 1981
Philipp agreed to sell and
Eurico agreed to buy the rice
shipped at Kandla "for one
main Italian port to be

The sale contract provided that time for discharge was to count "as per charterparty. Copy of charterparty to be sent

The charterers had contracted with the shipowners to pay demurrage if the ship was not discharged within the time allowed. But discharge under the sale contract was to be the responsibility of the buyers, who were to pay demurrage to the sellers if laytime was

Once the sale contract was concluded it was necessary that the terms of the contract of carriage be varied, and that the ship should change course. It was agreed that the destination in the bills of lading be changed to "North Italian port."

The charterers knew what it was because it was stated in the charterparty and they had guaranteed to the shipowners a depth of 29 feet at discharge port.

But the sellers failed to supply a copy of the charterparty to the buyers, which the Once the sale contract was

The buyers declared Ravenna sale contract had required them as discharge port and at to do, and they did not exact a shall, Knott and Barker v Arri-12.45 pm on May 19 the vessel corresponding guarantee of [19]33 44 L1 L Rep. 384. The reached the outer anchorage depth from the buyers.

there. She gave notice of readiness at 13.00 hours but the port authorities would not authorise her entrance as her draft exceeded the allowable maximum. She lay too deep in the As the vessel was anchored

so far out it was impossible to lighten her where she was and if was arranged that she should go to Ancona, where she dis-charged part of her cargo. She returned to Ravenna and pre-sented a further notice of readiness at 9.40 hours on May 28, finally berthing on May 30.

It was then found that the cargo was slightly infested with live insects and as a result the port authorities required fumigation before discharge. A disinfestation certificate was received on June 11. The vessel commenced discharging on June 12 and completed on June 12 and completed on June 12.

The time allowed for discharging was only five days 21 hours. The sellers claimed demurrage for over 39 days, amounting to \$181,808. They said the buyers could not lawfully nominate Ravenna as the port of discharge as the versel could not discharge as the vessel could not enter the port.

The buyers said that only \$81,857 was due, which they paid. They said the sale contract gave them the right to nominate any main Italian port and by agreeing to that contract the sellers undertook that the vessel that the process of the said of t could reach all main Italian

That argument was not accepted by the first tier arbitrators of the London Rice Brokers' Association, or by the Council of

When notice of readiness was when notice of readiness was given on May 19 the vessel had to be "in every respect ready" to discharge, in accordance with the charterparty. She was not ready because she could not enter the port. The sellers did not dispute that but they said not dispute that, but they said the situation was the result of an unlawful nomination and the buvers could not be heard to say that the ship was not ready; or she must be deemed to be ready. The buyers habitually used

Ravenna to discharge rice and must have known the draft limitation at that port. The sellers could no doubt have discovered it quite easily if they did not know already. The situation as to the ship's draft was different. The charterers knew what it

Mr Merriman, for the buyers, submitted that the sellers had contracted that the vessel could go to any main Italian port; and if the buyers nominated one such port which the vessel could not reach, it would be the sellers who were in breach of

authority on the point in connection with a contract of sale. Mr Grace, for the sellers, argued that the nomination of a port under a charterparty s analagous.

austration Wheat Board [1954] are Merriman was right in his submission that the sellers 2 Lloyd's Rep 148 Chief Justice undertook that the ship was Dixon, in a dissenting judg-capable of entering all main ment, said that when the Italian ports. ment, said that when the charterer specified the place at which he desired the cargo to be delivered "the shipowner that time did not start to count when the vessel be delivered "the shipowner first arrived at the suchorage near Ravenna. She was not then the discharge and there ascertaining where he can safely berth"; but when the charter limited the choice to "safe" ports the purpose was necessity of . . . avoiding an unsafe port."

That dissenting judgment was upheld in the Privy Council ([1956] AC 266). Thus if the charterparty was for one named port, the shipowner must satisfy himself that his ship could go there; if it was for one safe port out of range, such as East Coast of Italy, it was for the charterer to nominate only a port which the ship could

safely use.
But what of the position where the charterer was to nominate one from a list of named ports, or one from a range, and in neither case was he expressly required to nominate a safe port? There was THESE REPORTS are published as yet no accepted doctrine in in volume form with the full charterparty cases where the word "safe" was not used.

port for Mr Grace's argument in the charterparty cases.

[19]33 44 L1 L Rep. 384. The judgment showed that where there was one named destination it was the seller's responsibility to select a ship which could get there-and to obtain a contract of carriage which obliged her to go there rather than as near as she could safely get.

That seemed good sense, since the seller had the choice of ship. The Epaphus was named in the sale contract. In such a case the sellers were especially likely to know the characteristics of the ship under the contract of carriage at the time the sale contract was made.

ready to discharge and there was no reason why the buyers should not rely on that. With regard to the need for

fumigation, the problem was the insects in the buyers' cargo. The ship was fit and ready to do her part.

There being no finding that the insects were the fault of the ship, she was ready to discharge. Time started to count at 8.00 hours on May 29 following notice of readiness given at Ravenna on May 28.

For the buyers: Nicholas
Merriman (Middleton Potts &

For the sellers: David Grace QC, (Ingledew Brown Bennison & Garret).

By Rachel Davies

texts of judgments. For sub-There was accordingly no sup-ort for Mr Grace's argument in 68 Kingsway, London WC2B 6BD. Phone 01-831-0391.

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10 A right to issue in crime (5)

11 Piece of gymnastics going round after horse? (9)

12 Act 1 is a translation, possibly Chinese (7)

13 Work on a problem: he doesn't approve (7)

14 Keen musical following for a Jew (5)

eternal trouble (7)

9 Worry holds painters inside (6)

15 Order to depert and remain puts spring in one's step (4, 5)

17 Move eyelid and put in funny beard—hedge, perhaps (9)

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16 Early 20th century rendering
—add new air (9)

19 Great Bear Island, well
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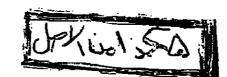
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Financial Times Friday June 13 1986 INSURANCE, OVERSEAS & MONEY FUNDS Money Market ությու Money Market OFFSHORE -017 | Section | Sect Road, Bangkok, Thesiand mr 4. BANT 258,175.58 (USS20,135.13) 0732 450161 TSB Life Ltd -18 14 -18 14 -18 22 -10 22 -10 04 0254 52188 -09 ---02 ---20 ---J. Heavy Schroder Wagg & Co Ltd Entryprise Hance Portunated 0705 827733 Sprice Acc 9 75 691 10 04 No. Dev 110 000 P.50 7 13 10 34 min Second acc 19.35 6.91 10.04 sites New 110.000 9.50 7.15 10.34 sites Western Trust & Savings Limited The Moneycodic Physical PLISC 10752.24141 flags to Charles 19.07 7.3d 10.05 flags to Charles 19.07 7.3d 10.05 flags to Charles 19.07 7.3d 10.07 flags to Charles 19.07 7.3d 10.07 flags to Charles 19.07 flags to Charles 19. Baying International Group
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Platinum climbs to 3-year peak

By Stefan Wagstyi PLATINUM PRICES soared in London to a new three-year high yesterday following news of South Africa's declaration of a state of emergency.

The metal was fixed at \$450.50 an ounce, up \$14.50 on the day, the highest fix since mid-1983, as prices rose to match and then exceed the levels seen in New York on Wednesday. In New York yesterday prices climbed further with metal for July delivery touching \$455.50 an ounce before closing \$10.2 up at \$454.2.

Meanwhile, Mr Robin Plumridge chairman of Gold Fields of South Africa, said that platinum prices were now too We certainly do not believe the current price is sustainable. We think there will be a downward adjustment

Mr Plumridge, who was visit-ing London to announce details of the group's plans for a new platinum mine, added that the current price reflected nervous-

ness about South Africa.
GFSA's subsidiary, Northam
Platinum, intends to develop a
mine in north-western Transvaal which is to start produc-

Bangkok meeting

THAILAND PLANS to host a meeting of seven major commodity producers to seek coun-ter-measures against subsidised US agricultural exports. Commerce Minister Mr Surat Osa-thanugrah said in Bangkok, reports Reuters.

He said Thailand expects the

meeting to work out joint posi-tions in the fight against stepped-up US competition arising from the new US Food Security Act. He did not mention a date.

The countries to be invited

are Argentina, Australia, Brazil. Canada, New Zealand and

Surplus study group

AN INTERNATIONAL study group aimed at examining free market solutions to the problem of the world over-supply of grain and grain products has been set up by the Chicago Board of Trade (CBOT), writes Tim Dickson in Brussels The group will consist of two European representatives of agricultural organisations or univer-sities who will work closely with top US academics:

chairman of the CBOT, said yesterday. "We must look to an alternative based on a gradual programme of limiting Government sup ent throughout the developed countries. At regard the need to maintain the family farm and agricultural activity."

study will be proposed.

into the use and effects of chemicals and to improve information and consultancy services to the farmers.

The Association of Chemicals Producers, which is a party to the plan will establish a party to the plan will be plan will the plan, will establish a marketing code of conduct to

Kuala Lumpur to allow trading of foreign tin

MALAYSIA is to open its Kuala Lumpur Tin Market (KLTM) shortly to Thai, Indonesia, and Australian miners in an attempt to head off the pos-sible opening of a rival tin market in neorby Singapore. The Malaysian Government is at pains to emphasise that it

now has no objection to neighbouring tin producers offering their metal on the KLTM, and indeed small quantities of Thai and Indonesian tin have been known to be traded unofficially on the KLTM.

Datuk Paul Leong, the Minisminers with KLTM officials next week. He will also meet offi-cials of the Kuala Lumpur Commodities Exchange (KLCE) to discuss the possibility of intro-ducing tin futures trading on the KLCE by the end of the year.

tries official pointed out that the original reason why the KLTM was limited to Malaysiansmelted tin was to enable Malaysian miners to get a better price than could have been obtained on the London Metal Exchange. This is no longer applicable, following the collapse of buffer stock operations by the International Tin Council and the end of tin trading on the LME.

The official said participation by neighbouring producers would instil broader confidence ter of Primary Industries, is in the KLTM, and ensure that expected to discuss opening the prices were more reflective of market to non-Malaysian tin market forces.

Business groups in Singapore European commodity traders have expressed interest in starting tin trading in the Island Republic but Malaysian officials say such a move would be re-garded as an "unfriendly act", since all of Singapore's tin pro-

A Ministry of Primary Indus- ducing neighbours are already suffering from depressed prices Meanwhile a delegation from

the Thai Mining Industry Council will visit Kuala Lumpur next week for discussions with their counterparts in the All Malaya Chinese Mining Asso-ciation to discuss co-operation, in particular with regard to marketing of the and possibility of joint ventures.

Some cash-rich Malaysian groups are interested in setting up ventures in Thailand where costs are much lower owing to high grades of deposits and lower labour costs.

Malaysia Mining Corporation the country's largest tin producer, said yesterday that 20 of its 42 dredges remained out of operation throughout May. operation throughout May Group concentrate production for the month totalled 954 tonnes compared with 1,024 tonnes in May 1985.

Another trader wins claim against ITC

AMALGAMATED METAL Trading, a London Metal Exchange broker which suffered losses in the tin crisis, has won a £5.3m arbitration award against the International Tin Council.

In a sindremore which has been a feet a price of the fixed price settlement imposed by the LME authorities in March. This set a price of £6.250 a tonne on outstanding metals group property of £6.250 a tonne on outstanding contracts. In a judgement published yesterday, AMT won an award

for the amount of a margin call-or deposit-it demanded from the tin council on October 24, the day the ITC defaulted on debts totalling £900m, plunging the market into difficulties. The council ran out of money administering an inter-government tin price

metals group Preussag, is claiming a total of £27m.

Most of the 12 LME broking companies with outstanding claims against the tin council are pursuing arbitration claims under LME rules. Maclaine Watson, part of the Drexel Burnham Lambert financial house, has won a partial award to cover margin payments due to it, J. H. Rayner, a subsidiary of S & W Berisford, the trading preliminary step in its overall company, won an award against claim for damages. It plans the tin council under the terms company, won an award against

Several brokers are pro-ceeding very cautiously because the fixed price settlement faces legal challenges from Shearson Lehman Brothers and Shearson Lehman Metals, both subsidiaries of American Express. Some brokers are reluctant to win awards on the basis that Rayner has done in case the turned by the High Court when it hears Shearson's case against the LME authorities. A date for this has yet to be set.

Spanish fishermen lift French port blockade

SPANISH BASQUE fishermen yesterday lifted their blockade of the French port of Hendaye as the Madrid authorities prepared for urgent negotiations and kept an anxious eye out for counter-protests by French

for counter-protests by French fishermen. The blockade, which threat-ened to spark off a serious row between France and Spain, was called off after a senior Spanish fisheries official promised fishing-boat owners that they could send representatives to talks due to be held under the auspices of the European Commission. hundred

Several hundred boats, amassed since Monday in the estuary between Hendaye and the Spanish port of Fuenterrabia returned to other Basque

navy units and a Spanish navy important fishing ground

vessel which had been sent in. Coastal fishing boats in the Santander region of northern Spain are meanwhile being kept in port pending the out-come of discussions.

Spanish officials were hoping that talks with France and the Commission on fishing rights in the disputed French zone of Bay of Biscay would get under way in Brussels on Monday. Mr Carlos Romero, Spain's Minister of Agriculture, Fisheries and Food, said the Government would try to speed up the negotiating process so that Spanish boats could resume fishing in the zone as soon as

However, fishermen in Hendave and the other French harbours, leaving only the 60 ports of Bayonne and Arcachon local vessels.

The situation at the two border ports was reported to denominated VIII C. Their Control of the be back to normal, with the Spanish counterparts claim that departure of several French this zone is a traditional and

Traders warn of Central American coffee tightness

CENTRAL AMERICAN coffee is in tighter supply than admitted by producers, and a world shortfall of 7m bags (60 kilos each) during the 1986-87 coffee year given by Latin American producers is conserva-

restrain over-aggressive marketing and sales methods and to adjudicate on complaints.

American stockpiles reaching ing Brazil and Colombia, showed the current coffee year, on September 30. was one of shortage with central

The participants at the Bogata summit issued a communique warning of short supply and dwindling stockpiles but did not release any figures.

These working figures were obtained by Reuters and showed that Central American stocks at end-September would drop to 1.59m bags, compared with an average of 3m.

But traders said a report based on serious investigations by experts and circulating among major producers, includ-

Australian

farmers stick

with wheat By Patricia Newby in Melb THE AUSTRALIAN wheat crop appears to have been ssown as usual this autumn in spite of predictions of lower prices and ses for many wheat growers. Apart from some switch to lupin growing in Western Australia, there is little evidence of Australia's hard-pressed grain growers moving out of wheat. According to Bureau of Agricultural Economics. (BAE), figures, slightly more land will be sown to wheat this year compared with last. NICKEL

this year compared with last, but lower yields will mean a Rain throughout most of the wheat belt since April has eased earlier concerns that a drought might be developing, but lack of rain last summer has lowered soil moisture content so yields

will be affected. With about 70 per cent of the wheat crop already sown, the BAE is predicting a harvest of 15.5m tonnes. This compares with just over 16m tonnes harvested in the 1985-86 season and 18.7m tonnes in 1984-85 which was the second biggest crop on record.

The BAE has slightly raised its estimate compared with a month ago. But the private forecaster Australian Wheat Forecasters has lowered its second estimate for the 1986-87 wheat crop. The company is now predicting 14.8m tonnes compared with last month's prediction of 15.4m tonnes."

The Australian Wheat Board believes growers will get around
A\$12 a tonne less for next
season's crop because of general lowering of prices expected in the wake of the US Food Security Act.

The BAE has predicted that as many as a third of Australian family wheat farms will make losses in the next financial year which begins on July 1.

LONDON MARKETS

Metal Exchange yesterday
made up some of the ground
lost earlier in the week as
producers raised their European selling prices (ESPs) again and Cominco increased its US list proce. Most of the large producers lifted their ESPs by \$40 to \$840 a tonne having announced simi ar rises only a week earlier. The rises only a week earlier. The LME cash price, which was also boosted by sterling easiness against the dollar, finished below the day's high at £545 a tonne, up £8, having been trimmed back by profitaking. On the aluminium market the cash premium over the three month's posiover the three month's posi-£90 a tonne early in the week on extreme tightness of nearby supplies, had been wiped out by vesterday's close and replaced by a more normal cash discount of £1.25

ZINC prices on the London

jame LME prices supplied by Amalgamated Metal Trading. ALUMINIUM

	Unofficia close/p,r £ per	tonna tonna	Highilow
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Cash Cathodes 940-2 +4,5 94	4
months standard 934.5 —1.5 9	3(
Official closing (am): Cash 9 (930-5), three months 942-5 (933-5); three months 942-5 (935-6); (IS Producer prices 57-72 cents	! -!

Total turnover: 77,100 tonnes.

LEAD

	Unofficiose (p.	cial m.) r tor	+ 01	Hig	h/iew
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	Close(p.	<u>~</u> `\		Kigh/lew
Cash 3 months				
Official (2715-20), 30), settle close: 272 Turnove	ment 272	0 (2720 toones.)). F	2715-20 30 (2725- inel Kerb

TIN

KUALA LUMPUR TIN MARKET: Clos

ZINC	•	
High grade	Unofficial + or close(p.m.) — 2 per tonne	High/low
Cash 5 months	544-6 +8 547-8 +6	656,653
Official (537-7.5), 1), settler	closing (am): C three months 548 nent 543 (537.5).	ash 542-3 i.5-9 (540- Final Kerb

GOLD

Gold fell just 54, an ounce from Wadnesday's close in the London buildon market yesterday to finish at \$347-3472. Much of the day's sctivity in the metals market was centred around a rise in platinum prices after declaration of a state of emergency in South Africa. Although gold improved from an opening level of \$348-34812 to touch a high of \$34812-350, it failed to benefit from the renewed tension and slipped back during the afternoon.

GOLD BULLION (fine ounce) June 12 Close, 3347-3471g (£22714-22714) Opening .. 5348-34812 (£23714, 22814 M'n'g fix. 3347.95 (£2387.154) Aft'n'nfox \$348.35 (£237.529)

GOLD AND PLATINUM COINS Kr'g'rod. 8549-549ta. (£289-991a) la Krug. \$1824, 184. (£120-180%) la Krug. \$95.24 la Krug. \$95.25 la Mapiolea! 8357-859ta. (£249-25%) Mapiolea! 8357-859ta. (£249-25%) Mapiolea! 8357-859ta. (£249-25%) l'16 Angel \$3540 l'16 Angel \$3540 lew Sov. \$93.832 l'16 Angel \$430-470 loo Sov. \$93.832 l'257ta.581a) NoblePist \$46214-4673 l(£3031a-307) SILVER

Silver was fixed 7.5p an ounce higher for spot delivery in the London buillon market yesterday at 355.95p. US cent equivalents of the fixing levels were: spot 542.5c, up 8.75c, three-month 551.45c, up 10.05c; six-month 560.8c, up 10.15c; and 12-month 578.7c, up 10.3c. The metal opened at 351-352½p (536-538c) and closed at 349½-351p (534-536c).

SILVER per troy oz	Buillon Fixing Price	(– ,	L.M.E. p.m. Unoffic	. —
pot months. months! months	365.95p 364.20p 372.25p 387.30p	+7.50 +7.50 +7.86 +7.86	846p 858.75p	
LME-Tu	ımover: 4	(14)	lots of	10,000

Cash high/low 350.5p; three 358p, fiat kerb 346-7p.

RUBBER

INDICES

REUTERS June 12 June 1 I M th ago Year ago 1548.6 1560.8 1774.5 1769.9 DOW JONES ..

Jones 11 10 sgo ago Spot 185,33 125,51 — 118,50 Fut 113,98 114,53 — 121,82 (Base: December 31 1931 -100)

MAIN PRICE CHANGES

• .	. June 1: . 1986	8 + or	Month ago
METALS	٠.		-
Aluminium			
roe Market	\$1275.29	5 – 10	.5 1277:297
opper	£948.5	:	
ash n Grade	s£948.5	+4.25	£928
o mins		· + L./5	.1938.20
OIG TYDY OZ	8347,25 £275,5		5342,20
rag Cash	£275,5	;+ *	1244
	£279	+3.5	£247,5
ckel		:	
.ee muc	188-208€		· LADY SOLD
nescium 62	\$115,75 3450.50	+3./3	2102.00
armm oz.	3450.50	+ 19.5	9415.30
WICKNIVETT.	\$2 10:220 355.95p	r	200 IE-
3 Months	364,20p	+ 7,00 + 7 88	320.37P
To	оч.дер	T (,00	JOE SPEC
free mkt	23600.660	ť i	£8440-46
folfram \$2.0	Ib842/50		345 55
ne	€545	.+8	£456.25
5 months	lb. ;842,50 £545 £547.5	,+6 i	£487,75
producer	g . \$800/84) · · · · · ·	\$780 rau

Cocca Ft. Sept | \$1327 --3.5 £1290.5 Coffee Ft. Sept | \$1313.5 --41 £2005 Cotton A Ind. * 41.80c --0.2545.40c Gas Oil Aug. 13121 | 1.15 \$134.25 Rubber (kilo) | 57p -------66p Sugar (raw) | \$183.5u + 1 \$187.5 Wooltops 64s | 422p kilo:----------421p kio ‡ Unquoted. † Par 75 lb Rask. c Cents per pound. x July. u Juna-July. y July-August. * Cotton Outlook.

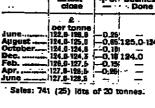
COCOA

Prices were locked in a lower, nerrow range until buying interest was encountered approaching the final call. Some light consumer official was apparent, but producers showed no interest at present levels, reports Gill

d Duffuş	-
COCOA	Yesterday's Close + or Business Done
reh	1302-1304 -5.5 1510-1284 1.326-1328 -3.5 1522-1816 1367-1368 +0.5 1371-1555 1395-1397 -0.5 1410-1386 1414-1415 -1.0 1410-1408 1430-1435 +0.5 1427-1427 1441-1445 -6.0 1446-1458
ICCO ind und). Da	IOI (2,324) lots of 10 tonnes. Icator prices (US cents per illy price for June 12: 87.05 a-day avarage for June 13: 2).

Seles: 8.249 (3.037) lots of 5 tonnes, ICO indicator prices (US cents per pound) for June 11: Comp daily 1979 151.91 (153.45); 15-day everage 160.96 (162.13).

Good two-way commercial spread-ing of August/December and profes-sional selling of the nearbys were the major features in an otherwise static market, reports Muirpace.



Pigmeat sales: 25 (1) lots of 50 car-cases, 3.250 kg. Beef sales: 0 (0) lots of 20 aides. PIGMEAT Y.day's + or Y'day's + or Close + or

MEAT COMMISSION — Average fat-atock prices at representative markets. GB—Cattle 104.62p per kg lw (+0.00). GB—Sheep 236.87p per kg set dow (-19.18). GB—Pigs \$1.91p per kg lw (-0.07). GB—Sheep 226.87p per kg est 6cw (-19.18). GB—Pigs 61:91p per kg kw (-0.07). Prospecta of warmer weather over the next formight produced trade sell-ing interest, reports Sestem Cepital CCST.

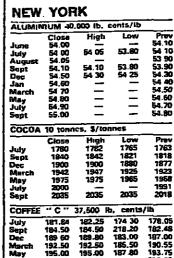
BARLEY Math close + or Yesterday + or close

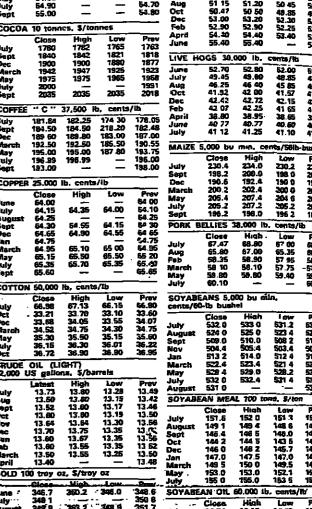
Bay - 110,05 +0.95; 108,15 -0.29

Business done—Wheat: July 112.001.55, Sept 89.28-9.30, Nov 101.90, Jan 104.90, March 107.90-7.40, May 110.00. Seles: 145 lots of 100 tonnes. Barley: Sept 97.75-7.70, Nov 101.45, Jan, March and May untraded. Sales: 7 lots of 100 tonnes. LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent July 10.50. Aug 100.00. Sept. 96.75 trensshipment east coast. US No. 2 seft red winter July 89.75, Aug 90.25, Sept 125. EEC Brathalf June 130.00. English feed fob spot 116.25 buyer, June 116.75 Sept 101.50 sollers, Oct/Dec 105.50.105.50, Jan/Morch 111.00. 111.50. April/June 114.50-115.50 buyer/seller, Maixe: US No. 3 yellow/Franch

US MARKETS

COMEX GOLD and silver futures were lower in active trading, unable to follow the surges in Nymex plantium. reports Heinold Commodities.
Platinum eased slightly on
profit-taking but remained
strong on the unrest in South Africa, as a declaration of a state of emergency and reports of violence at squatter camps caused trader concern over disruptions in output. Commission house and local long liquidation sparked the sell-off in gold and silver. Coffee closed higher and recovered from its lows in volatile trading. Commission house and roaster price-fixing buying erased some early losses. Commission house sources remained sceptical about the statement by Colombia that there was a possibility of shortage in collec at the end of the crop





372.8 369.0 375.5 375.5

HEATING OIL 42,000 US gallons, cents/US gallons

transshipment east coast June 134.50. Barley: English feed fob July/Aug 99.50. Aug 99.00 seller, Sept 99.50. Oct/Dec 105.50, Jan/March 110.50

HGCA — Locational ex-farm spot prices. Feed barley: S. Eest 113.80, W. Mids 174.80, N. West 115.80. The UK monkery coefficient for the west beginning Monday June 16 will change to 1,107.

CONDON DAILY PRICE—Raw sugar \$183.50 (£107.50), up \$1.00 (up £1.50) a tonne for June-July delivery. White sugar \$190.50, up 50c.

\$ per tonne F.O.B.

Selea: 2,311 (1.729) lots of 50

No. 6 Yesterday Previous Gonciose close

SUGAR

388.1 388.1 388.3 July 18.45 18.50 — 393.2 WHEAT 5.000 bu min,

Latest High Lo
July 13.73 13.80 13.
Aug 13.59 13.80 13.
Sept 13.52 13.90 13.
Oct 13.80 13.80 13.
Nov 13.64 13.84 13.
Dec 13.70 13.75 13.
Jun 13.60 13.67 13.
March 13.50 13.55 13.
April 13.40 13.55 13.
GOLD 100 troy oz, S/troy oz

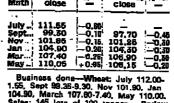
COFFEE

SOYABEAN MEAL

MEAT

GRAINS

Old crop wheet again eased, reflecting weaker country trade although it was supported on scale-down buying by shipper, shout-covering. New crops also eased on keen commission house selling, reports T. G. Reddick.



SPOT PRICES — Chicago loose lard 10.50 (10.00) cents per pound. Handy and Harman silver bullion 530.0 (535.0) cents per troy ounce.

POTATOES The market opened C1.60 lower, basis April, and rapidly hit stop-loss setting orders which depressed values a further C1 in heavy trade. Values remained within this £114-115 range for the rest of the day. July agries, although thinly traded, dropped £3.60 during day to reflect overnight easing in physical trade and expectation of further price pressure once loadings begin to increase, reports Coley and Harper.

18.34

18.45 18.50 18.45

18.20

Month close close do ₽ per tonne

Nov 84.80 96.10 85.56.84.58 7 8 93.50 96.00 96.00 96.00 94.00 96.0 Sales: 896 (477) lote of 40 tonnes Earlies—July 83 00. — 9.50, 85.00 83.00: Aug 82.50, —5.00: Sept 60.00 +2.50, Sales: 19 lots of 10 tonses

July Dubai traded several times between \$10.50 and \$70.58 and August Brent traded between \$12.00 and \$12.12. Forward months were neglected. Nymox WTI for July opened 4c down but traded 19c up at 1.30 pm EDT. In the petroleum products market gasoline and naphthawere only thinly traded with buvers and setters generally far apart. Full oil strengthened on prompt shortege and saticipated short-covering—Petroleum Argus, London.

> CRUDE OIL-FOR (5 per barrel)--- July

Big crops bring jute price gloom

THE WORLD jute industry has, over the past two seasons, provided a perfect example of the classic "boom and bust" commodity price cycle. Adverse weather in the 1984/85 crop season kept crops low in all jute pro-ducing countries, and prices soared as a result. Encouraged by those high prices jute farmers increased their plantings for 1985/86 and, helped by excellent weather, produced bumper crops which have sent prices

to the floor.

Nowhere are the painful economic consequences being felt more keenly than in Bangladesh, the world's biggest exporter of raw jute and jute goods. The industry. which accounts for nearly 70 per cent of the country's export earnings and employs about 250,000 workers, lost nearly \$90m in 1984/85 and is expected to lose a further \$55m this season.

Bangladeshi growers harvested more than 1.35m tonnes of jute this season, up from a depressed 830.000

sagging prices have meant

in 1984/85. But

that the actual value of the crop has declined by more than 12 per cent During the first ten months of last season, when India, China, Thailand and Nepal also had short crops, Bangla-deshi raw jute fetched an average price of \$573 a tonne. Over the same period this season prices averaged only \$309 a tonuc, having dropped at one stage to \$180. The average cost of producing jute in Bangladesh is put at

around \$270 a tonne.

The country's own mills take about 615,000 tonnes of raw jute a year with another 108,000 tonnes going to the handicrafts sector. A further 380,100 tonnes was originally carmarked for export this year but the target has been revised to 416,300 tonnes. Even so with total availability at 1.5m tonnes (including 145.000 tonnes carried forward fro m1984-85) claim to 400.000 tonnes will have to be carried over into the 1986-87

selling season. The jute growers, having burnt their fingers this year, are expected to cut their plantings from 1.7m acres to about 1.3m, reducing produc-

tion to somewhere between 724,000 and 814,000 tonnes for the 1986-87 season. So total availability should be in the 1.1m to 1.2m tonnes range. Even if the increased target is fulfilled Bangladesh's raw jute export earnings for this season are expected to reach only \$134.73m, instead of the \$141.82m envisaged from the original target. In terms of the depreciating local currency, however, earnings would reach \$4bn taka

against an original target of \$3.9bn taka. Meanwhile, earnings from exports of jute goods are set to fall well short of initial expectations. The aim was to export 560.000 topnes of goods. worth an estimated \$378.18m. But the total is now forecast to reach only 462,000 tonnes, earning \$316.52m. Bangladesh is only the

world's second largest pro-

ducer of jute goods with pro-

duction capacity for 600.000 tonnes a year against India's

1.3m tonnes. But whereas India's home market con-

sumes nearly 80 per cent of

its production Bangladesh has to find overseas markets for more than 90 per cent of its

output.
The Middle East has emerged as the biggest market for Bangladeshi jute and jute for Bangladeshi jute and jute goods, taking about a quarter of the total. Next comes the EEC with 18 per cent, followed by the US, 17 per cent; Africa, 16 per cent. The US remains Bangladesh's largest market for carpet backing cloth, taking about three quarters of the total, although its carpet banulac. although its carpet manufac-turers are gradually switching to synthetic materials. Meanwhile the past two years has seen an increase in EEC purchases of carpet backing cloth, in spite of the high price

African and Middle Eastern countries have emerged as very large buyers of both hessian and sacking. Improved weather in Africa following the drought has already revived demand, for jute goods, which had slipped from 163,000 tonnes a year to 60,000 tonnes but this year are expected to reach 100,000

PHYSICALS — The London market opened unchanged attracted no interest and closed dile, reports Laws and Peat. Closing prices (buvers): Spot 57.00p (same), July 56.00p (same). August 55.25p (same). The Kuals Lumpur lob price (Malaysian conts per kg): RSS 40 1 was 205.0 (206.0) and SMR 20 185.25 (185.0). FUTURES—Index 550. July 565.560, July-5ept 545-549, Jan-March 556-560. April-June 569-573, July-Sept 571.575. Sales: 0.

Tate and Lyle delivery price for granulated basis sugar was £212,00 (£210,00) a tonne for export. International Sugar Agreement—(US cents per pound fob and stowed Caribbeen ports.) Prices for June 11: Daily price 6.60 (8.63) 15-day average 6.92 (6.94). No. 6 cif contract—Aug 165.0-71.0: Oct 175.0-7.0: Sales: 10 lots of 50

PARIS—(FFr personne): Aug 1315-1317, Oct 1350-1356, Dec 1370-1375, March 1402-1410, May 1440-1450, Aug 1490-1505. **FREIGHT FUTURES** Close | High/Low : Prev. Dry Cargo July | 626/626 | 629/625 | 651,5/636 Oct. | 689/690 | 693/686 | 695/696 Jan. | 716/717 | 717/715 | 717/718 April | 700/702 | 700 | 702/710 Oct. | 776/785 | 784/790 Jan. | 815/680 | 905/655 Apr. | 840/900 | 650/930 BFI. | 658.0 | 664.0

Turnover: 204 (113). Close High:Low Prev. Tankers

Tumover: 38 (0),

PRODUCTS—North West Europe Prompt delivery cif (5 per tonne) Petroloum Argus estimates. GAS OIL FUTURES Ystrday's + or | Busines Close - Dene Turnover: 3,257 (3,023) lors of 100

DANISH FARMERS' organisations have out forward a plan to cut the use of pesticides and herbicides by a quarter over the next five years, writes Hilary Barnes in Copenhagen. The plan includes a request to the Government to increase by 50 per cent the present excise tax on agricultural chemicals as well as a proposed levy on chemicals by the indus- | coffee The proceeds of the levy will tive, traders said in Bogata, be used to strengthen research reports Reuter. The proceeds of the levy will

We must have an inter-ional response to the response to the international farm

A preliminary research paper will be presented in Chicago in November, at which time a final

Pesticides plan

CURRENCIES, MONEY and CAPITAL MARKETS

· · · · · · · · · · · · · · · · · · ·				
FOREIGN EXCHANG	ES			FINANCIAL FUTUI
Dollar contin	mes to e	926		Firmer tren
world contin	idos to c		- 1	i ii iii ci ci cii

Prev. close

The dollar lost ground in currency markets yesterday amid growing evidence that the £ IN NEW YORK retail sales figures had been ex-pected to show a rise of 0.5 per-cent to 1 per cent but a fall of covery. Early trading saw the US unit meet resistance at DM 2.20 and it moved up to a high of DM 2.2185 prior to the was sold again back towards the

Fred June 13 lig

announcement. Soon after it However DM 2.20 and Y165 proved to be sticking points and reports of renewed intervention by the Bank of Japan were suf-ficient to prevent the dollar falling below these resistance levels.
The dollar closed at DM 2.2100
down from DM 2.2120 and of the collar closed at Dm 2.Zauv down from DM 2.2120 and Y165.80 compared with Y168.30. Against the Swiss franc it fell to SFr 1.8260 from SFr 1.8275 and FFr 7.0475 from FFr 7.05. On Bank of England figures, the dollar's exchange rate index fell to 114.8 from 114.9.

The South African rand did not react fevourably to news of

Sterling Trading range FFr 10.7625. POUND SPOT-FORWARD AGAINST POUND

against the dollar in 1986 is 1.5555 to 1.3770. May average 1.5202. Exchange rate index 78.1 after opening at 76.3 and com-pared with 76.5 on Wednesday The six months age figure was Sterling failed to benefit from a weaker dollar and finiushed at

market was waiting for today's UK inflation figures which are expected to show a significant fall. If this is the case, there may may be increased pressure for a cut in UK bank base rates, despite Tuesday's disappointing money supply figures. pound fell to \$1.5230 \$1.5265 and DM 3.3650 not react favourably to news of a state of emergency being declared and the dollar was marked up again against the financial rand to R4.7650 from SFr 2.79. Against the French franc it fell to FFr 10.7350 from STatellar.

0.40 5,13

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Day's spread Close One month

7.5215-1.5315 1.5225-1.5235
1.3875-1.3765 1.3775-1.3725
1.3875-1.3830 1.3895-1.3875
2.4800-2.4890 2.4890-2.4890
2.4800-2.4890 2.4890-2.4890
2.4800-2.2185 2.495-2.495
2.4800-2.225 2.4800-2.4890
148.748.3
148.748.3
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1511-1522-7
1519-1517-3
1511-1522-7
1519-1517-3
1511-1522-7
1519-1517-3
1515-1.3810 1.8255-1.8255
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EXCHANGE CROSS RATES 3 DM TYEN FFR. SFR. MFL Tire CS SEL 0,297 0,465; 1. 75,04 3,190 0,626 1,126 686,6 0,626 20,42 3,960 6,032, 13,33, 1000, 42,51, 11,01 15,01, 9150, 8,368, 272,1

1,419. 3,135 235.2 10. 2,590 3,531 2152; 1,968 64.00 0,548; 1,210; 90,83 3,862 1, 1,363 831.1 0,760 24,71 H FI. 0.264 0.402, 0.888 66.62 2.832 0.734 1. 609.6 0.568 18.15 Lira 0.433, 0.659 1.456 109.3, 4.646 1.203 1.640 1000, 0.915 29.78 C\$ 0.475 0.721 1.695 118.5 6.080 1.516 1.794 1093. 1 32.51 8.Fr. 1.456 2.217 4.898 367.5 18.53 4.047 5.517 3363 3.076 100

EURO-CURRENCY INTEREST RATES

94.976 94.914 7-719 7718 84.834 84.945 51[.512 848.544 44.478 444.41] 41.444 44.44 719.720 74.714 114-114 113-114 714-712 714-712 7-712 7-712 414-434 414-434 814-854 814-854 7-716 7-16-713 714-718 7-718 434-415 814-834 714-758 74-712 7-713 45-473 814-854 7-718 Long-term Eurodollars: two years 7-8 per cent: three years 8's-8'- per nt; four years 8'-8'- per cent; five years 8'-8'- per cent nominal. Short-term tes are cell for US Dollars and Japanese Yea; others, two days' notice.

DMARK - Trading range Prices of interest rate con-

against the dollar in 1986 is 2.4710 to 2.1640. May average 2.2295. Exchange rate index 135.4 against 130.1 six months tracts were firmer on the London International Financial Futures Exchange yesterday. September US Treasury bond futures opened at 92-15, compared with 91.01 at Wednesday's close, gaining ground on the overnight strength of the market in Chicago. The market drifted lower to 92-02, the high of the day against the dellar in Frankfurt yesterday. The US unit finished at but also railied to the day's peak

The US unit finished at DM2.2025 down from DM2.2025 on Wednesday. Earlier in the day it had been fixed at DM 2.2131 from DM 2.2070 and there was no intervention by the Bundesbark Earlier between the control of the control of the bundesbark Earlier between the control of th IFFE LONG GILT FUTURES OPTIONS Calla-Last Puts—I
Sept Dec Mar June Sept Dec I
6.01 7.08 — 0.47 1:60
4.34 5.54 — 1.16 2.42
3.18 4.45 — 2.00 2.33
2.17 3.46 — 2.63 4.34
1.32 2.57 — 4.14 5.45
0.80 2.13 — 5.42 7.01
0.35 1.42 — 7.18 8.30
0.20 1.14 — 9.02 10.02
1ed volume total; Calla 227, Puts 412
us day's open int: Calla 6,347, Puts 2,730 Busdesbank. Early short covering had little overall effect as the dollar was marked down during the afternoon on poor US retail sales figures, JAPANÉSE YEN - Tradin range against the dallar in 1986 is 202.70 to 161.05. May average 187.01. Exchange rate index 206.6 against 177.8 six months

The Bank of Japan was again active in currency markets in Tokyo yesterday, trying to prevent the dollar from falling below Y165. The US unit closed at Y165.75 after Y166.10 in New at Y166.75 after Y166.10 in New York and Y166.70 in Tokyo on Wednesday. It was above the day's low of Y165.20, touched in reaction to comments by Presi-den Reagan expressing concern about debtor nations defaulting.

CURRENCY MOVEMENTS

Sterling.
U.S. dollar.
Canadian dollar.
Austrian schilling.
Setgian franc.
Danish Kroner.
Danish Kroner.
Guilder.
French frank.
Lire. -15.4 +5.7 -12.5 +7.2 -7.3 -0.8 +14.8 +17.0 +9.3 -13.3 -18.0 +52.2

CURRENCY RATES

0.371.00 1.34774 15,1174 43,9045 7,95800 2,15005 2,48160 6,85334 1477,49 161,669 7,34009 137,183 6,85984 1,77600 176,496

OTHER CURRENCIES

STERLING INDEX 76.4 10.00 am 76.3 11.60 am 76.2 76.4 Noon 75.2 76.4 76.2 100 pm 76.3 2.00 pm 76.3 **76.1** 3.60 pm 76.2 76,3

EMS EUROPEAN CURRENCY UNIT RATES Eçu cantral rates amounts against Ecu June 12 43.9045 7.95800 2.16005 6.85334 2.42160 0.705422 1477.49

MONEY MARKETS

Mixed opinions on rate prospects

Dealers took an increasingly defensive view of the prospects for lower interest rates, on the London money marker yesterday. Three-month interbank eased to \$14-94 per cent from \$1-94 per cont from \$1-94 per cont. Siden Treasury bills in band 2 at \$14 per cent; and \$150m bank bills in band 3 at \$150m bank

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MONEY RATES

Frankfurt -Amsterdam

UK clearing bank base lending rate 10 per cent since May 22 Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills the note circulation of £30m.

These outweighed Exchequer transactions adding £725m to liquidity.

FT LONDON INTERBANK FIXING Offer 7 & The fixing rates are the arithmetia manua, rounded to the nearest one-skitement, of the bid and offered rates for \$10m exceed by the mentat to Paris and Morgan Guaranty Treet.

Over '7 days . Three Six night notice Month Months Months

Treasury Bills (sell): one-month 9% per cent; three months 9% per cent. Sank Bills (sell): one-month 9% per cent; three months 9% per cent. Treasury Bills: Average tender rate at discount 3.142 per cent. ECGD Fixed Finance Scheme IV reference date May 7 to June 3 (inclusive) 10.178 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Bose Rotes 10°2 per cent from June 7, 1986. Bank Deposit Rives for summy at seven days' notice, 435-4.378 per cent. Certificates of Tax Deposit Series 61. Deposit C100,000 and eyer held under one month 10 per cent; one-three menths 9% per cent; three-six months 9% per cent; six-nine months 9% per cent; and 10.000 9% per cent from June 6. Deposits held under Senes 6 9% per cent. Deposits withdrawn for cash 6% per cent.

of 93-15 before the Chicago open-ing, and closed at 92-28. The fall of 0.1 per cent in May US retail sales, compared with expecwas rather nervous, as the recovery in US bonds was offset by Tuesday's disappointing UK retail sales, compared with expec-tations of a rise of about 1 per cent, had little impact, after rumours on Wednesday of an even larger decline. The com-ment by Mr Manuel Johnson, vice chairman designate of the Federal Reserve Board, that

D.07 0.33 1.07 2.66 5.32 1.36 0.95 0.61 0.35 0.17 0.07 June 9.00 0.00 0.00 0.00 0.07 .54 1.04

other countries will have to take

Sept 22.40 17.40 12.40 8.30 5.45 3.00 **CHICAGO**

93.76 93.67 93.51 93.25 53.04 92.78

Prev 93.21 93.12 92.95

High Low Prev 92.98 \$2.90 \$2.55 \$2.90 \$2.75 \$2.74 \$2.00 \$2.65 \$2.52 \$2.38 \$2.02 \$2.30 \$2.08 \$1.38 \$1.77 \$1.81 \$1.38 \$1.77 \$1.81 \$1.38 \$1.48 \$1.52 \$1.38 \$1.48 \$1.52

int. 18,216 (18,107)

IMM STERLING Se per £ LIFFE-STERLING £25,000 S per £

Closa 93-16 92-28 92-25

CURRENCY FUTURES

93-15 92-02

the lead in cuiting interest rates, also prevented further gains by the contract. Today's figures on US producer prices and industrial production may provide further guidance for the market. Long term gilt futures for September delivery opened at 121-04, and finished at 121-09.

money supply figures.
September three-month ster-ling deposits were firm, in expec-tation that the money supply figures have delayed, but not

Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY
RECEIPTS (EDRs) IN

MAKITA ELECTRIC WORKS, LTD.

er to our notice of March 7. 1986 EDR holders are informed that Makita
"K Works, Ltd. Has paid a dividend to holders of record February 21. 1986.
Cash dividend payable 15 You 2 new Common Stock of Yen 50.00 per
Pursuant 11 the Terms and Conditions the Depositary has converted the
Pursuant 11 the Terms and Conditions the Depositary has converted the
Pursuant 21 the Terms and Conditions the Depositary has converted the
Pursuant 21 the Terms and Conditions the Depositary has converted the

33 PER CENT AVERAGE PER YEAR 1973-1985

Advice on OTC Growth Stocks with high profit record Hedge with Stock Index Options Send for 12-year monthly results
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GOLD FIELDS OF SOUTH AFRICA LIMITED (Incorporated in the Republic of South Africa)
(Registration No. 05/04181/06) DECLARATION OF DIVIDEND

By profer of the Board per pro CONSOLIDATD GOLD FIELDS PLC cretarnes, Mrs G. M. A. Gledhill, Secretary United Kingdom Registrars Hill Samuel Registrars Limited & Greencost Place Londom SW1P 1PL

COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN 74% Convertible Bonds due 2000 Michalin hereby gives notice that offlowing the completion on June 1, 1965, of the subscription period if new shares by holders of its on new shares by holders of its outstanding shares and pursuant to Article 6 (h) (ii) of the "description of the bonds," the conversion rate of the bonds has been adjusted. The new adjusted conversion rate is 3.93 B shares for one bond.

By order of the Board. D. J. DEEGAN.

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)

Art Galleries

VALUE OF

SWORLD VALUE OF THE DOLLAR T BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 11, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between hanks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA nor the Financial Times elity for errors.

COUNTRY

Bank of America, Economics Dept., London Eurodollar Libor as of June 11 at 11.00 a.m. 3 months: 74 6 months: 74

ECU=\$US.974537 SDR1-\$U\$1.16758 Sibor as of June 11 at 11.00 a.m. 3 months: 7% 6 months: 7%

CURRENCY

•	-	1	1_			Berne Many College 40 co	
Afghanistan	Afghani (q)	50.60	Greenland	Drackesa	138.80	Paragusy (Gra Caracal (o.c.)	0.9542 240.00
Albania	Lek	6.5927	Greenland	Danish Krone	B174	Paraguay	
Algeria	Olear	4.90	Grenada	E. Caribbeau S	2.70	(Guaran (C)	718.00
Asitoria	/French Franc	7.028	Grenada Guadaloupe Gezam Guatemula	Franc	7.028	Peru	13.945
VERTILE	1 Spanish Pereta	141.30	Copps	U.S. 3	1.00	Principines	20.60
Antigua	Kwanza	29.918	Carolemak	(a) leatest (b)	1.00	Pitraien Islands N.Z. Dollar Poland Zhoty (a) Partugal Escado Partugal U.S.S	1.7784
Antiona	E. Caribbean S	2.70		(Quetzal (k, i)	293	Poland	166.39
Arcardica.	Austral /21	0.861	[Galincia 1909320	Peso	170.479	Partugal Escudo	349.00
#	Flories 120	1.80	Gulsea Republic	(Franc	340.00	Palento Rico	1.00
A-maralla	Parks	1.4535	Ches (chees:	Prosec (D	300.00	Qatar Riyal	3.642
ADVIEL	vonar	1,1232	Connec	Dellan	4,309	Barrelon Into de la Sancolo Parano	7.028
Arste	Schilling	15.518	Cupana	Course	5.00	Romania	
AZDF96	Portuguese Estado	149.00	Honduras Republic	(Lennier	2.00	Romania { LEU (0)	4.54
Baltimes		1 200	Horstwas Republic	Lampira (2)	2.55	[(ree (c)	12.69
Pakada	Bless	0.3769		Carigina (g)		ReandsFranc	87.9685
Balerrie Listands	Samuel Samuela	141.30	Hong Kong	Voicer	7.81	St. Christopher E. Caribbaan \$	2.70
Brandadash	Special Lebert	30.30	1000 m	S-BUILE	46.04	Co Union C. Carrotta 3	
Bangladesh	laga		(celand	Krisca	41.30	St. Helena	1.532
Barbedos	DOUGE	20113	1102	KZID##	12.43	24 COOK	2.70
Belgium	(Franc @)	45.10	ledçaşşiş	Rupish	1130.00	St. Pierre French Franc St. Viocent E. Caribbean \$ Samos (Western) Tala	7.029
	(Franc (I)	45.40	!ra	Polai (c)	79.0526	St. Vincent E. Caribbeau \$	2.70
Belize	Dollar	2.00	ha	Disar	0.3109	Samoa (Western)	2.162
Senia	C.F.A. Franc	351,40	Irish Republic	Pest*	1.372	Samos (US) US \$	1.00
Bernedz	Dollar	1.00	Israel	New Shekel	1,499	San Marino Italian Ling	1514.50
Berndz	Ngoloom	12.43	liziy	Lira	1514.50	Samoa (US)	38.7555
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	LPage (f)	1904000.	b-water	Delles (e)	5.48	Senegal C.F.A. France	357.40
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Cassary Islands	Conside Beauty	147.30	Lags Piles D Rep	Kin	95.00	North Africa Spanish Peseta	141.30
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Company of the Company of the Company	Cacado	0.835	Lebason	Majori	2.65%	(Pound (a)	2.45
Cayman Islands	Ughter .		I Presin	Dellar	1.00	Suden Republic	2.93
Central Africa Res.	C.F.A. PRINC	351.40	Ubje	Direct	0.3294	Sudan Republic	4.00
Chief	G.F.A. Franc	351.40	Liechteastein	Sudar Erren	1.818	Serieum Guilder	1.785
Chille	Peso (e)	190.35		Jacobson Com	4510	Serieum Guilder Swaziland Librogeni	2,6596
Cities,	Renariabi Yura	3.202	Luxembourg	Live Control of the C	استها	Sweden Konen	7.24
Ching	Peso (a)	196.40	Macao	Pataca	8.1185	Switzerland	1818
Cerneros	C.F.A. Franc	351.40			691.836	Syria	3925
Congo Pecole's Rep. of	C.F.A. Franc	351.40 i	Madeira	Portuguese Escurio	149.00	Jyra Poung (g)	
		55.46	Majawi	Kwario	1.8519	Tahwan Dollar (o)	38.11
Cube	Perto	0.8682	Malaria	Planet	2.61	Tairean Dotter (o) Tarzania Stilling	25.60
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Comments of the comments of th	Marana (8)		Mail Republic	GF-A. Hate	351.40	Tonna Johande Delama	
V	Krone	8.174	Maita	LPX"	2,5674	Trinkind & Tobago {Dollar (b)	1.4535
Djetoviji rice. St	Franc	177.00	Martinique	Franc	7.028	Tripidad & Tobaco (DUTE	2,409
Denning Rep. of Donainical Republic	E. Caribbeat \$	2.70	Martinique	Qugulya	77.00	Tonisia	3.60
Parallelenia Barriago	(Peso	2845	Marring	Rept	13.30	Torisia Distar	0.728
Northwest Water of The Control of th	Pern (d)	2.845		Peso (d)	637.50	Turkey Lira	686.82
	(Sugge (d)	171.00	Menico	(Peso (e)	548.80	Turits & Caicos Islands US \$	1.00
Erenjer	Suem (D	109.25	Million and the second	Cornel Corne	7.028	Tuvale	14535
2.3	(Basel	0.83	Miquelòn	French Franc	7,028	(Stabling (m) 14)	496020
Eart	Co	137	Memore	Free CA FREE,		Uganda (m) (6) Shilling (U(6)	1400.00
	(Colonia (C)		Mongolia	HOLEK (D)	3,3555	United Arab Emirates Dirham	
El Salvador	Colcu	5.00	Montserret	E. Caribbean \$	2.70	United Manday David Resilved	3.673
	(Colon (d)	5.00	Morocco	Dirkiaes	9.00	United Kingdom	1.532
Cincipal Pullian	CFI Community	951,40	Mogambique	Metical	40.54	Uraguay Pesa (m)	147.75
Ethiopia Facroe islands Falkiand islands	Sier (a)	2.0496	-		1	USSR Rnuhle	0.717
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French C'ty in Africa	C.F.A. Franc	351_40	New Zonland			Vietnam	12,2048
		7,028	Nicarajua	Corosos	70.00	Virgin Islands (British) US S	100
French Pacific Islands	CER Some	127,782		(Cordoba (d)	975.00	Virgin Islands (US) US S	1.00
Colon	C.F.F. Franc		Riger Republic	C.F.A. Franc	351_40	Varian Diel	
	C.P.A. PRES	351.40	Nigeria	Naka	1,0406	Vente BOS No.	8.515
Cabon	Deliksi	7.35	Nigeria	Krose (4)	7.529		0.343
F47784y (East)	Catmert (e)	2,2055				Yemen PDR Dinar Yugoslavia Dinar Zaire Republic Zaire	370.10
Cermany (Missi)	Deutsche Mark	2,2055	Orago Subtremate of	(Ca)	0.385	Zaire Republic Zaire	56,448
Chara	Cadi	9000	Pakistan		16.968	Zambia Kwacka Zimbabwe Dotlar	7.1531
	Stands	1532	Constant	Parkers	1000	Zimbahus Dellas	1 (-435)
Chair	rooms.	اعجحدا	Paga	- Separate			1.7615

n.i. Not available. (m) Market rate "U.S. dollars per National Currency unit. (a) Freemarket central bank. (b) Official rate. (b) Freemarket. (d) Freemarket. (e) Controllani. (f) Financial rate. (g) Preferential rates. (h) Non essential imports. (l) Finalisis tourist rate. (j) Public Traproducts. (l): Priority Rate. (l) Venezuela: For debts incurred prior to February 1983. (2) Argentina, 24 Apr 86: Austral devalued by approx. 1.19 exchange rate introduced. (d) Noney, 11 May 86: Know devalued by approx. 12%. (5) Saudi Arabia, 1 Jun 86: Riyel devalued by 2.7%. (6) Ugg exchange rate introduced; effective devaluation of market rate by 72%.

LONDON SHARE S	SERVICE	Financial Times Friday June 13 198 ENGINEERING Continued 1986 INDUSTRIALS Continued 1986 Industrial Stack Price - Net Continued Industrial Stack Price - Net Continu
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Financial Times Friday June 1

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EUROPEAN OPTIONS EXCHANGE

90

Vol. Last Vol Last

4.50

234870

MARKET REPORT

Account Dealing Dates

*First Declara- Last Account Dealings (ions Dealings Day June 2 June 12 June 13 June 23 June 16 June 26 June 27 July 7 June 30 July 10 July 11 July 21
"'New-time'' dealings may take
place from 9.30 am two business days

Leading shares pulled out of the three-day slide early yesterday but the recovery movement was far from convincing. A more confident Wall Street market on Wednesday helped restore stability and for the first hour reasonably busy. Professional covering of short positions—the Brodero Properties made a bistory treding Acquire and the new nil-paid shares improved 7 at 260p premium. covering of short positions—the current trading Account ends to-day—generated demand and "new-time" inquiry was noted for the period starting on Months.

Brodero Properties made a bright market debut, but settled well below the opening price of 175p as profit-taking developed; for the period starting on Months.

groups with interests in the area 136p against a placing price of reacted nervously and buyers 125p, generally retired to the sidelines. Leading Buildings made a

EQUITY GROUPS

& SUB-SECTIONS

CAPITAL GOODS (214) _

CONSUMER GROUP (183). Brewers and Distillers (22) Food Manufacturing (22) Food Retailing (15)

| Nearm and Housenbook Productions | Nearm and Housenbook Productions | Publishing & Printing (14) ... |
| Packlaging and Paper (14) ... |
| Stores (42) ... |
| Textiles (17) ... |
| Tobaccos (2) |
| Orthing company (46)

Office Equipment (4)
Shipping and Transport (12)
Telephone Networks (2)
Miscellaneous (49)

OTHER GROUPS (86) Chemicals (19).

Other Financial (23).... Investment Trusts (102: Mining Finance (3)....

| ALL-SHARE INDEX (736).

FT-SE 100 SHARE INDEX 4

FIXED INTEREST

143.36

118.17

9 Detectores 5 Laces | 119.95 | +0.01 | 119.93 | --

10 Preference 87.91 -0.52 | 88.37 -

र्यास्त्री. today

0.27

0.16

Wed June 11

+0.01 |223.67

+0.05 143.56

+0.01 149.90

-0.19 169.25

131.09 +0.03 | 139.17 | 0.14

-0.17 113.35

119.23 -0.25 119.76 0.19

-6.23 119.60

nd adj. 1986 to date

5.38

1.40

1.29

5.47

3.18

| Banks (7)...

3 Over 15 years ..

Index-Listed

6 5 years....

8 All stocks...

7 Over 5 years...

Health and Household Products (10).

Recovery loses momentum and markets close little changed

the State of Emergency in South Africa induced scattered small selling during the afternoon session. Barclays closed 7 better at 482p. after 488p. while Nat-

day.

The FT indices weer around of 145p. Electronic component 10 points up until just before manufacturer Denistron opened noon but sentiment was clouded at 59p and closed at 63p comby the State of Emergency departed with the placing price of claration in South Africa, Gold 58p, while USM newcomer mining issues and UK industrial Accord Publications attained

mining issues and UK industrial groups with interests in the area reacted nervously and buyers generally retired to the sidelines. Shortly afterwards speculation revived of impending fundraising operations. P. and O. became unsettled by persistent talk that underwriters of the Stock Conversion offer could attempt to place unwanted stock today. It was also said that International Signal, which pust-poned announcement of its preliminary results until today, might call for sizeable funds via a rights issue.

A slight late easing in money market rates for credit failed to impress either equity or Giltedged investors, most preferring to await more positive signals regarding base lending rate trends; recent optimism about a small cut this week disappeared with Tuesday's poor money supply figures. The dollar weakened after news of an unexpected fall, although small, in US retail sales, but sterling made little fresh headway.

Throughout the afternoon the gains in blue chip issues were pared and this was reflected in the movements of the FT indices. gains in blue chip issues were pared and this was reflected in the movements of the FT indices. The FT Ordinary share slipped back from a day's high of 1,312.2 left Derek Crouch 6 off at 142p. to close a net 3 points better at 1,304.1, while the FT-SE 100 share ended a mere 0.4 up at 1,571.8, after 1,581.7. Government securities were held back by the long tap. Treasury 8 per cent 2009, which currently stands at a discount of 7 points on the respective issue

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times.

the Institute of Actuaries and the Faculty of Actuaries

Earmogs Yield% (Map.)

7.52 8.91 9.37 7.33

Day's Charge %

780.98

350.86

Thursday June 12 1986

Gross Div. Yield % (ACT at 29%)

3.42 3.63 4.01 3.87 2.79

15.26 14.52 17.00

17.65 14.90 13.53

17.73

 406,78
 +0.1
 9.37
 3.90
 13.53
 5.94
 408.67
 403.60
 304.82
 297.23
 +0.4
 8.87
 3.25
 13.14
 3.60
 296.17
 300.08
 302.23
 166.85

 1294.67
 +0.2
 6.39
 3.68
 18.80
 13.80
 1292.25
 1342.98
 131.10
 959.51
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 18

828,99 +0.2 8.28 3.44 15.31 8.71 827.09 835.74 843.92 635.75, 1177.83 -0.7 17.34 7.66 6.09 465.6 1184.65 1194.82 1214.13 1119.25, 850.15 +0.1 9.24 3.88 13.56 11.21 859.06 867.72 876.80 676.44, 574.44 +0.3 — 459 — 10.46 572.97 578.25 563.36 469.42 612.43 +1.8 18.31 5.64 7.58 14.83 596.60 603.10 603.60 462.15 788.94 +0.2 — 4.73 — 17.27 787.03 797.09 810.21 754.09 466.71 -0.2 — 4.73 — 9.46 457.68 463.09 473.80 361.24 11374.3 -0.3 9.31 4.20 14.03 23.49 1142.39 1147.78 1167.81 1129.08 353.04 +0.6 — 317 — 1.94 350.95 354.04 171.20 620.22 341.70 -0.1 7.91 4.51 15.50 3.99 342.18 344.64 347.68 272.58, 742.19 +0.1 — 3.02 — 6.46 741.08 745.07 751.33 588.40 271.88 -2.4 13.17 5.87 8.86 6.11 278.56 280.73 279.36 274.72 660.31 -0.5 12.46 6.26 9.55 18.88 663.46 668.01 572.57 647.10 778.50 +0.1 = 3.99 — 10.78 77.66 22 782.25 772.57 619.30

778.50 +0.1 - 3.99 - 10.78 777.60 785.22 792.95 619.30

| Index | Day's | Day's | Day's | June | June | June | June | June | Year | No. | Change | High | Low | 11 | 10 | 9 | 6 | 5 | ago | | 1571.8 | +0.4 | 1580.7 | 1571.6 | 1571.4 | 1586.4 | 1604.6 | 1611.9 | 1612.6 | 1278.9

7,56 9,00 9,07 9,13

10.16 19.25

10.27

7.54 9.00 9.06 9.15

9.39 9.40 9.29 9.54 9.62 8.65

3.76 3.32 2.64 3.17

10.17 18.25

10.13

31.88

AVERAGE GROSS REDEMPTION VIELDS

4 Medium 5 Coupons

11 Inflat'n rate 5% 12 Inflat'n rate 5%

13 Inflat's rate 10%

15 Debs &

14 inflat'n rate 10%

Over 5 yrs...

	June	Juse	Jane	June	Juse	YEST	1986 Since Compi			mpilation	
	12	11	10	9	6	200	High	Low	High	Low	
Government Secs	90.63	90.68	91.41	92.21	91.92	81,45	94.51	90.39 (20/1)	127.4	49.18	
Fixed Interest	96.64	96.57	97.12	97.08	97.02	86.11	(184) 97.51 (224)	86.55 2301	150.4 (29/11/47)	(3/1/75) 50.53 (3/1/75)	
Ordinary V	1304.1	1301.1	1314.4	1329.5	1336.9	977.0	1425.9	10943	1425.9	49.4	
Gold Mines	192.3	199.5	208.0	208.7	2133	429.6	357.0 (27/L)	1923	734.7	43.5	
Ord. Div. Yield	4.19	4.21	4.18	4.19	425	. 4.72	S.E. ACTIVITY				
Earnings Ytd.%(full)	10.13	10.17	10.20	9.99	10.26	11.80	In	dices	June 11	June 10	
P/E Ratio (set) (*)	12.01	11.97	12.05	12.17	11.93	10.35	GBt Fdoed	Bargathas	165.9	126.8	
Total Bargains (Est)	24,949	24,665	24,730	24,566	24,448	21,181	Equity Barr	عالمو	. 146.7	153.1	
Equity Turnover £m	- ' _	526.61	466.28	410.02	482.72	394.62	Equity Value 5-Day Aver	È	. 1,064.4	942.4	
Equity Bargales	_	22,639	23,629	23,907	21.398			royc Bargains	. 134.8	129.1	
Shares Traded (ml)	_	223.8	226.8	196.9	239.0	197.5	Equity Barr Equity Vain	gains 12	146.6 959.9	144.4 940.0	
	10 a.m. 1311.3		a.m. 11.7	Noon 1310.1		t p.m. 308.7	2 p.m 1308.		p.m. 307.7	4 p.m. 1306.6	
Day's High 131	2.2. D	ay's Low	1304.1		_						
Basis 100 Gort				8, Ordinary	1/7/35, G	old Micres !	12955, SE	Activity 197	4 *N# <u>-11</u>	57.	
	LONDON	REPOR	T AND	LATEST	SHARE	INDEX.	TEL 91-2	246 8026			

FINANCIAL TIMES STOCK INDICES

the recommended bid from BET. the recommended bid from BET. Thermal Scientific responded to the good annual results and proposed one-for-one scrip issue with a gain of 22 at 490p, while DDT, still benefiting from the preliminary figures, rose 13 more to 176p. Speculative demand left VG Instruments 8 to the good at 455p. Burgess Products advanced 19 to 255p on the announcement that its bid for Coin Industries, 14 higher at

Coin Industries, 14 higher at 127p, had been declared unconditional. Reports of booming home computer sales stimulated

home computer sales stimulated fresh interest in Amstrad which advanced 11 to 580p.

Encouraged by the interim statement, Westland encountered sustained support and put on 16 to 80p. Elsewhere in the Engineering sector, Staveley advanced 20 to 523p on the preliminary figures, but lower

the FT Ordinary share slipped back from a day's bigh of 1,312.2 to close a net 3 points better at 1,304.1, while the FT-SE 100 share ended a mere 0.4 up at 1,571.8, after 1,581.7.

Government securities were held back by the long tap, Treasury 8 per cent 2009, which currently stands at a discount of 7 points on the respective issue price. The early tone was more composed but small price gains were surrendered and prices fluctuated narrowly before hardening again late. The authorities were believed to have rejected a bid of f43 for supplies of the tap in the after-hours' trade. Awaiting today's RPI figure, index-linked Gilts drifted back to settle 1 lower on balance.

Clearers below best

Clearers below best

Clearing banks staged a technical rally helped by reports that the Mexican debt situation will soon be resolved via an agreement with the IMF before the end of the month. However, best levels were not held as news of

Toe Jame 10

7.81 719.04 726.62 733.99 526.06 8.06 789.21 799.35 806.57 519.38 18.56 1194.29 1296.81 1215.18 756.39

30.53 1944.17 1962.31 1970.23 1443.14 9,80 1666.40 1682.19 1706.79 1431.17 5,94 406.41 408.67 413.68 304.42 - 4,35 350.01 355.65 358.24 196.84

Wed Jame 11

year figures. Hotels displayed a bright feature in Trusthouse Forte which gained 7 to 162p on perwhich gained I to loop in persistent small buying. Ladbroke, firmer at first behind the chairman's confident AGM statement on Wednesday, slipped back to close a couple of pence easier at 347p.

Glaxo good

Glaxo, reflecting news that the company had won official US approval for wider use of its Zantac drug and a broker's upgraded profits forecast, attracted graded profits forecast, attracted American and domestic demand and closed | higher at £10\footnote{10}. Among other leading miscellaneous industrials, Beecham moved up to 40\footnote{5p} on the preliminary figures and result of the strategic review, but subsequently drifted back to close unaltered on the day at 393p. In contrast, South African developments unsettled Beckitt and Colman, down 21 at 804p, and Pilkington Brothers, 12 lower at 413n. Elsewhere Bodyand Colman, down 21 at 804p, and Pilkington Brothers, 12 lower at 413p. Elsewhere, Bodycote advanced 28 to 288p on news of the proposed public offer of a limited number of shares in its Dutch subsidiary, JLM Echo; the proceeds of the sale will provide funds for use elsewhere in the group. Amber Industrial featured a jump of 50 to 285p on the good annual results, while Pentland. Teflecting reports of on the good annual results, while Pentland. reflecting reports of several favourable US circulars, moved up 55 to 825p. Sterling Industries responded to the preliminary figures with a gain of 8 at 110p, but British Aerospace, firm initially, fell back to close 12 cheaper on balance at 663p following the decision to continue the strike at the company's Warton factory which has stopped production of the Tornado fighter bomber. Speculative demand left Cosait 10 higher at 104p, while late support brought a revival in Metal Closures, 5 dearer at 141p.

lowing speculative support further consideration of the Caffyns rose 8 to 243p following agreed offer for Winterbottom

the pleasing angual results and Lookers firmed 5 to 135p ahead of Wednesday's interim figures. H. and J. Quick put on 5 at 73p. Dealings resumed yesterday in Wight Collins Rutherford Scott following completion of the acquisition of HBM-Creamer for £33m and the close was 20 higher at 488p. Elsewhere in Paper/Printings, Osborne and Little firmed 13 to 233p on further consideration of the recent results, but Ferry Pickering reflected selling in a restricted market and fell 10 to 178p. Secondary issues provided the

Secondary issues provided the noteworthy movements in Properties. Persistent speculative demand boosted Egerton Trust 13 to 120p, while buying ahead of next Wednesday's annual results lifted Mountview Estates 20 to 700p. On the other hand, favourable comment on hand, favourable comment on the annual results failed to sus-tain Regalian which slipped 5 to 580p, while profit-taking clipped 3 from Property Rolding and Investment at 128p. Elsewhere, Marler Estates continued to attract support and rose 15 more to 425p.

Courtaulds came on offer and dragged 8 to 270p in Tartiles

Courtaulds came on offer and dropped 8 to 270p in Textiles, but Harold Ingram advanced 25 to 165p on revived speculative buying in a thin market.

Investment Trusts were featured by Wemyss which rose 20 to 610p on news of a bid approach. Among Financials, James Ferguson reflecting expansion hopes, were outstanding for a jump of 30 to 80p, after 82p, following speculative buying in a market with 100 to 100 well supplied with 100 to 1

Premier firm Modest initial gains in the leading Oils were gradually surrendezed and BP settled a lative demand left Cosalt 10 higher at 104p, while late support brought a revival in Metal Closures, 5 dearer at 141p.

Western Motor, a strong market of late in reply to the profits recovery, jumped 12 to 112p following an investment recommendation. Appleyard reflected revived takeover hopes with a gain of 10 at 156, while Dowty improved 8 afresh at 223p following speculative support.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS AND

NEW HIGHS (52)

AMERICANS (1) Hazbro Inc.
BREVIERS (1) Devensh (J. A.) 4.5pc
Cv 2nd Prl. BUILDINGS (4) Brownlee
Copson (F) Federated Housing. Smart
(J.), Wimpey (Geo). STORES (4)
Automage. Preedy (Allred). Semuel
(H) A. Stead and Simpson A.
ELECTRICALS (7) Burgess Products.
Crystalate. DDT Group, Feedback. Miles
33. Shorrock. Thermel Scientific.
ENGINEERING (2) Poner Chadburn,
Rensomes Sma. INDUSTRIALS (11)
Aman, Avon Rubber, Bodyctote intl.
Coin Inds. Cosalt. Erskine House, Harrtleigh Tach. Parason. Pentland Inds.
Stanelco. Willairs Systems. INSURANCE (1) Bradstock Group. MOTORS
(3) Laidlaw Group. Lookers, Wastern
Motor. PAPER (1) Osborne and Little.
PROPERTY (5) Chasterfield, Egenton
Trust, Intl Inc Property. Marier Estatés,
Prop and Reversionery. TRUSTS (3)
Channel Islands Cap. Derby Tst Inc.
Fulcrum Inc., New Throgmoron Wriss. TR Prop Inv Tst, Wemyss Antologasta, Ferguson (J.), Kellock Tst Cnv Prf. OILS (3) Conroy Pet Nat Res, Ranger Oil. Oil.

NEW LOWS (71)

AMERICANS (4) Amer Medical Int.
Crul Illinois Corp. Illinois Hidgs, PHH.
ELECTRICALS (3) Intl Supral and
Control, PPL, Unitech. FOODS (1)
Glass Glover. INDUSTRIALS (5) Appledors (A. and P.). Eastern Produce.
Grovebell, Sonartec. TSL Thermal
Syndicate. INSURANCE (1) Heath
(C. E.). LEISURE (1) Aspinsil Hidgs.
NEWSPAPERS (1) Portsmouth and
Sunderland. PAPER (1) Klearfold Inc.
PROPERTY (1) Markheath. SOUTH
AFRICANS (4) Abercom, Barlow Rand.
SASOL, SA Braweries. TRUSTS (3)
North Saa Assets. Throgmorton USM
Tst Wrrs, Brint Invs. Oil.S (2) Pict
Patroleum. Santos. MINES (43)
OVERSEAS TRADERS (1) Finlay
(James).

BASE LENDING RATES

%	%
ABN Bank 10	First Nat. Fin. Corp 11
Allied Dunbar & Co 19	First Nat. Sec. Ltd 11
Allied Irish Bank 10	Robert Fleming & Co 18
American Express Bk 19	Robert Fraser & Ptrs 11
Amro Bank 19	Grindlays Bank #18
Henry Ansbacher	Guinness Mabon
Associates Cap Corp 18 Banco de Bilbao	Hambros Bank 19
Bank Hapoalim 18	Heritable & Gen. Trust 19
Bank Leumi (UK)	• Hill Samuel 518
Bank Credit & Comm 19	C. Hoare & Co 18
Bank of Cyprus	Hongkong & Shanghai 19
Bank of Ireland10	Knowsley & Co. Ltd 181/2
Bank of India 19	Lloyds Bank 10
Bank of Scotland 10	Edward Manson & Co 11
Banque Belge Ltd 10	Mase Westpac Ltd 10
Barclays Bank 10	Meghraj & Sons Ltd 18
Beneficial Trust Ltd 11	Midland Bank 18
Brit. Bk. of Mid. East	Morgan Grenfell
Brown Shipley	Mount Credit Corp. Ltd 18 -
CL Bank Nederland 19	National Bk. of Kuwait 19
Çazada Permanent 19	National Girobank 13
Cayzer Ltd 19	National Westminster 18
Cedar Holdings 11	Northern Bank Ltd 10
Charterhouse Bank 18	Norwich Gen. Trust 10
Citibank NA 16	PK Finans Ioti (UK) 11
Citibenk Savings 110.75	Provincial Trust Ltd 11
City Merchants Bank 18	R. Raphael & Sons 10
Clydesdale Bank 19	Roxburghe Guarantee 11
Comm. Bk. N. East 19	Royal Bank of Scotland 19
Consolidated Credits 19	Royal Trust Co. Canada 10
Continental Trust Ltd 19	Standard Chartered 10
Co-operative Bank *19	Trustee Savings Bank 10
The Cyprus Popular Bk 16	United Bank of Kuwait 18
Duncan Lawrie 18	United Mizrahi Bank 19
E. T. Trust 11	Westpac Banking Corp 10
Exeter Trust Ltd 10%	Whiteaway Laidlaw 1614
Financial & Gen. Sec 19	Yorkshire Bank 19
 Members of the Accepting Houses Co 	ommittee. * 7-day deposits 5.69%. 1-
month 6.03%. Top Tier—£25.000+	at 3 months' notice 9.72%. At call
when £10,000+ remains deposited. :	Call deposits £1,000 and over 64%
gross. ¶ Mortgage base rate. § Der	mand deposit 5.82%, Mortugo 11%

Energy Trust. New London Oil, where clients of Charterhouse where clients of Charterhouse Investment Management are 10 inject around £830,000 into New London in exchange for 3.2m New London shares, put on 2 to 27p. Elsewhere, Irish issues provided a handful of firm features, most notable Carrar Patrolerm most notably Conroy Petroleum and Natural Resources, 7 higher and Natural Resources, right:
at 85p amid talk of an imminent
announcement, and Bala, which
settled a penny firmer at 4p,
after 5p, following comment in
an Irish newspaper.

The declaration of a nationwide State of Emergency in South Africa ahead of Monday's 10th anniversary of the 1976 was also trig the report wealth's Em tial increase Rand dropp of 20 cents from Londo lowest levels

The Gold tered its decline, clos the lowest six Another res by bullion, \$347.75, had share prices.
Selling of Golds spilled over into South African Financials

into South African Financials and Industrials. In the former sector. "Johnnies" slumped £6 to £46 in a thin market, while Anglo American Corporation lost 20 to £40p, after a low of £30p, and "Amcoal" 75 to 500p. De Beers gave up 3 to 400p and Gencor 25 to £25p. In a weak industrials group, Barlow Rand dipped 13 to 240p, while falls of 10 were common to South African Breweries, 130p and Sasol, 95p.

Platinums, on the other hand, drew support as platinum metal prices made further progress in response to worries over possible disruptions to South African production. Impala moved ahead 30 to 540p and Rustenburg jumped 40 to 560p. The latest news from South Africa upset Consolidated Gold Flelds which fell away to a year's low of 419p before steadying to end the session a net 15 off at 425p, this despite confirmation that the group is confirmation that the group is to develop a new platinum mine in the Western Transvaal at a cost of R559m. RTZ, which has a limited exposure to South Africa through its Palabora copper mine and the Rossing aranum mine in Namibia,

nevertheless suffered along with other mining counters and retreated 13 to 625p. A poor performance by Australians, following the pack-age of austerity measures announced overnight by Robert Hawke, the Australian Prime

session in the mining sector. Quieter conditions prevailed in Traded Options. Total con-tracts completed amounted to 11,439, comprising 6,813 calls and 4,626 puts.

			 		 		 -		<u> </u>
aration of a pation- l	SILV C	\$550 FL375	50	0.90	10	308	-		3539
of Emergency in	SOFL	FI.245	-	W.70	303	9.40	=	=	FI246.3
a ahead of Monday's	SFLC	P.250	26	3.80	31	7	1 -	1 =	Language 2
ersary of the 1976	SYFLC	F1.255	10	0.60	68	5	2	7	! _
isings brought about	SFLC	P.260	2	0.20	Э	3.50	42	5.50	
arp decline through-	SFLC	FI.265 FI.270	1 =	=	ı	ಚ	=	_	! :
arp decline inrough-	SFLP	FL260	- AG	0.30 1.20	16	4.20	32	6.60	-
African sectors of	STLP	FL240 F1245	쌹	1.20	238	6.38	1 =		-
kets. Seiling pressure	STFL P	F1.250	148	280	40	8.60	1 - 1	i <u>-</u>	4
iggered by fears that	I SAFL P	FL255 FL260	135 27	6.50 12	8] 11	3	14 1850	1 =
of the Common-	SFLP	FI.265	365	17	1 3	18	1 _ 1	10.30	1 -
ninent Persons Group	SFLP	FI.270	305 100	22	1 -	=	1 —	1 =	-
mend the imposition	SFLP	F1.280	i —	l -	١ –	I –	430	33.20	-
economic sanctions	S/FL P	FI.310	135	23	1 -	; -	i - i	_	-
th Africa. However,	S/FL P	FL315	300	P2	<u> </u>	<u> </u>	<u>1 1</u>		
prospect of a substan-	1								
e in the civil unrest l	I ——			lady	_	Det			
weeping South Africa									<u> </u>
ted the latest weak-	ABN C ABN P	FI.560 FI.560	ᇏ	4.70	갩	11.40	6	17 17.50	FL576.0
Rand and gold and	AEGN C	F1.20	77	1.20	46	3.60	18	580	คมนอ
ues. The Financial	AEGN P	F1.95			100	1.20	1 25	3.70	
ped to a record low	AH C	F1.70	13ь	2.208	31 130	5.10 0.50	20	790	F187.5
during the morning	AXZD C	F1.180	414	2	23Û	7,108	34	10.80	FI.149.4
ing a rally to around	AKZO P	F1.270	333	4.10	146	6.80	84	6.80	
Golds followed suit	AMEY C	P.85	705 97	1.90 4.50	14	4.30 5.80	21	6.00	1 Sept 3
ntial selling of shares	AMEY P	FI.85 FL110	77	760	22	7	l n	10.70	FI 107.5
on and many Euro-	AMRO P	FL105	22	냺	80	4.10	-		• -
tres reported by	EIST C	FI.310	47	1.29	1 11	8.20	i	-	FL284.0
n attempted rally [GIST P HEIN C	P.250 FIJ80	72 10	1.40 2.40	12 80 11 20 20	4.60 7.70	1 3	12	FLITLE
y soon faltered and	HEIN P	F1170	20	250	~		2	1	1,547
ined under pressure	HED C	FI.150	_	_	10	23.30	1 - 1	_	, -
at or around the day's	HEO P	FL165 FL115	407	3.70	394	8.80	l = i	=	FLUDS
is.	1 HOOG C	F1.105	316	1.16	10	3308	10	- 3	دشت
Mines index regis-	KLM C	FI.50	216 782	2	60	4.10	l 82 (5.50	Fi.49.2
sixth consecutive	KLM P	FI.45 FI.180	170	0.50 4.80	140	10.50	90.	2.90 14.40	FI.177
sing 7.2 off at 192.3,	MÉDL C NEDL P	6170	51	3	15	7.40	\$	10	"",
ince_early July 1982.	NATH C	F1.90	105	1.40	44 15 83 45	4.20	Ž	6.80	FI-85-20
solute performance	NATH P	FI.85	- 5	160	462	3.70	196	4.20	
which held around	PHILC	FI.60 FI.55	266 333	0.60 1.10	181	2.90 2.30	149	4.20 3.50	FLSS
d little impact on	RDC	F1.210	393 322	0.40	267	3.50	53 50	6.90	FL192.5
a nine miberi on	RD P	FI.190	322	210 280	187	l 6.50	<u>50</u>	8	
Golds spilled over	UNILC	FI.500	5 48	2.80	69 15	320	77	20	FI.465

TRADITIONAL OPTIONS

B∞Bid

First Last Last For Dealings ings thon ment May 19 June 6 Aug 28 Sept 8 June 20 Sept 11 Sept 22 June 23 July 4 Sept 25 Oct 6 For rate indications see end of Light Trust Service Unit Trust Service

TOTAL VOLUME IN CONTRACTS: 25,218 A=Ask

Calls were arranged in Hamp-ton Trust, Telephone Rentals.

Altebone, Dixons, North Kalguri, Berkeley and Hay Hill, Ecobrie, Cadbury Schweppes, ASDA-MFI, Neill and Spencer, Hawley Group. Owners Abread, Ryan International, Fairline Boats and Oliver Resources. A put was arranged in Polly Peck, while a double was transacted in Under double was transacted in Under

WEDNESDAY'S ACTIVE STOCKS

Ba	sed on ba	rgains I	ecorded i	n Stock Exchan	ge Official	List	•	
Stock Voolworth Ind Aerospac Slavo Ilkington Bri fetal Box Ioyal Insce	changes 23 ca 19 19 os 18 17		Day's change -30 + 5 + 1 -22 -30 - 16	Stock Cable & Wir IGI	15 15 14 y 14	Wed. class 660 919 148pm 367 592 122	Day's change - 5 + 4 - 12 - 6 - 30 - 22	
			†Nil-	-paid				

		17411	-para		
melianting state 2 at 12	45			-	
YESTE	RDA	Y'S	ACTIVE STO	CKS	
		,			.,
	Civity w	as noted	in the following stocks	yesterda	¥
•••	Closing	Day's	dente en la lace	*Closing	Day's
Stock	Drice_	Change	Stock	prico	change
Beecham	393		NetWest Bank	462	+ 8
Brit. Aerospace	503	- 12	F & O Detd		- 5
Bula Resources	4	÷ 1	Pilkington Bros		-12
Busses Breduct-	25.5		D	40	. ē

RISES	A	ID	FAL	LS YESTER	DA	Y	•
			Same	Oils	22	18	79
ritish Funde ,	20	38	55	Plantations	3	់ 1	11
Foreign Bonds	10	21	39	Mines ,	19	74	ĸ
roustrals		282	288	Others	107	46	77
in. and Props	109			Totals	614	573	1,614
-							

Fin. and	Props	324 109	282 93	376	Totals	
LONDON	TRAD	ED	OF	TIC	NS	_

		<u>. </u>		<u> </u>					<u> </u>		14.5	<u></u>				
Option		CALLS July Oct. Jan.			PUTS Jishy Oct. Jao.		Option		<u> </u>	CALLS Aug. Nov. Feb.			PUTS Aug. Nov. Feb.			
Alfied Lyons	330 360	-20 7	35	45 25	12 22	23	33 45	P. 6	. C.	460 500	65 33 12	80 50	55	15	25	100 N
8.P. (*56.3)	900 550 600	68 32	78 47	93 60	2 12	8 30	12 35	Rai	 :al	550 600 180	12 4	25 10 36	38	43 90	55 55	 -
Cors. Gold (=424)	420 460	27 12	22 44 30	33 55 37	45 12 45	55 23 55	28 64	RT	96)	200 220 550	16	24 15	36 22	125	18 32	20 34
Coorteolds (*271)	500 260 280	20 11	15 22 23	23 47 32	85 19	87 14 24	92 21 30	1 66		600 650 700	87 57 32 12	105 70 45 30	90 60 37	16 42 82	132.54	40 67 100
Cors. Union	300 330	3 15 11	13	22 - 26	35 58	41 64	21	Vasi (*5)		50 60 70	74	10 51 3	115	44, 10 ² 2 20	54, 14 21	70g
(*296)	330 360	5 1եր	n	16 12	36 66	38 68	41 70	Tr. 314	¥ 1997	90 108	1 2	1 34	<u> =</u>	29% 39% 0%	305 405	巨
(*660)	600 650 750 750	843.54	100 66 40 20	97 43	7 25 50 90	15 38 70 100	25 45 80 110	(°£)	10)	110 112	0,	2 2	は	1 22	2 34 2h	32
Distillers (%58)	550 600 650 700	125 75 28 15	150 100 75 40	=	1 4 12 45	3 10 25 60	Ē	(*6)		118 120 122 124 126	4,3,22 12 10 00	3	54 34	24.34.52 52.70	3456	31 6
G.E.C. (*200)	180 200	и, 26	36 22	42 28	10	7 34	9 16		Option		Jun	Sep.	Dec.	James	Sep.	Dec
Grand Met. / (*395)	360 382 390	-5 28	47,	75 53	- 8	28 - 22	30 1B 30	Beed (*99		330 360 390 420	40 15 5	78 57 38 22	88 68 50 37	2 4 11 35	13 23 40	10 10 20 45
1.C.I. (-921)	420 850 900	12 90 47	25 107 70	40 130	33 ·	18	35	6ec (*24	ts 50	240 250 280	12 3 1	24 15 10	37 26 17	4 17 36	10 24 37	12 25 40
	950 1000	25 10	50 30	95 70 —	20 47 87	55 97	50 70 —	81 (*30		280 307 333	28 7 1	40 23 10	33 20	2 8 30	7 17 33	2237
Land Sec. (*376)	290 300 330	41 23 6	33. 33.	42 23 .	1 4 17	22	11 24	Bas (*77		750 800 850	38 8 1	72 63 25	95 65 40	5 35 85	28 55 95	五 70 100
Maris & Spen, (*194)	180 200 220	18 7 11 ₂	27 17 11	36 26 16	21/2 10 29	15 29	6 19 31	Blue 0		600 650 700	30 6 1	50 25 12	73 43 22	5 33 80	20 50 90	28 55 90
Shell Trass. : (*773)	790 750 900	85 45 18	100 67 35	125 85 53	2 10 37	12 27 50	18 35 55	De 84 (*\$6.		650 650 700	40 20 6	75 50 30	100 70 50	19 40 140 140	55 105 150	65 90 120 169
Trataigar House (*293)	280 300 330	11	36 24 11	44 34 17	5 14 40	20 42	15 26 45	C10		750 300 390 360 390	58 29	68 43	70 78 52	1 2	4 9 17	7 13 22
Option:	$\overline{}$	Asig.	Nov.	Mar	Aug	Nev	Mar			390 900	195	2 24 9 235	32 19	30 36 3	39 18	20
Lenrio . (*242)	236 240 255 280	20 - 10	28 	34	9 20	12 23	.20	(-10	B ÖD	950 1000 1050	235 90 50	190 155 120	25 25 25	7 12 25	27 35 35	37 50 70_
	273	4	9	22 -	35	35	33	Ham (*16	104 F3)	150 160	20	30	30	112	4	10
Option Brit Aero	500	744g. 37	Nov:	Feb.	Aug. 27	Non. 32	Feb. 40	}		165 180 200	8 11 0	2 12	19	14 14 32	18 33	19 36
(*501) SAT kals	550 600	15 5 28	30 15	40 58	57 98 15	103 22.	72	(=50		420 460 500	98 48 15	100 68 40	38.2	1 2 10	11 25	M N N N N
(*366)	390 420 460	13	29 15 7	37 -	33 57 97	38 66 102	52 - -	Thorn (*44		556 420	37	18 52 27	37 70 45	2 20	13	37 37
Barcino (*482)	460 500 550	47 27 10	67 1 45 25	87 60 37	13 32 77	17 37 77	25 42 80	Tes		500 550 550	2 2 47	13 5	77. 15	57 107	30 110 110	112
Brit. Telecom (*222)	24t 24t 240	13 7 3		32 20 13	11 26 46	14 28 46	18 34 50	(*34		330 360 370	20 5 2	35 15 8	65 28 15	3 1	23	13 20 25
Cadbury Schwepper (*167)		17	24 10,	25 16	7 19	11 22	13 25	Optic	-	June	_	-	ec. 3-e	a July	Asq.	Sept.
Imperial Gr. (*340)	200	58 35 17	67 45 25	=	1 10 22	5 15 25	=	FT-SE Index (*1573)	1525 1550 1575	63 43 30	67 52	67 75	5 3	7 25	49 92 3	- -
Lathrole (*347) -	300 330 360	53 28 13	63 41 24	75 54 38	2 7 20	5 12 28	7 14 31		1575 1400 1425 1450 1675	43 30 17 8 3	52 40 25 17 12	87 - 75 お 8 8 8 8 8 8	5 3 7 5 7 5 10	3 (1992	40 22 23 100 120	60 75 68 —
LASMO (*113)	110 120 130	14	20 16	28 21 17	9 15 25		17 24 37		1700	2	7	439. (securit	- 12 	8 128	5 4,624	<u> -</u>
<u> </u>			_	'			,	I		701	فيليد	T SCHOOL SECTION	10.44			

4Operalog index 1578.1; 10 am 1581.5; 11 am 1581.1; Noos 1578.9; 1 pm 1577.9; 2 pm 1576.8; 3 pm 1576.0; 3.30 pm 1574.7; 4 pm 1573.4

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituent changes are published in Saturday issues. A new list of constituent is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

		WORLE	STOCK MARKETS	
SPTIONS EXCHANGE	AUSTRIA June 12 Price + or June 12 Price + or Knoner - Knoner -	AUSTRALIA (continued) JAPAN (continued) Price + or June 18 Price + or June 18 Price + or	CANADA	
	Interrurials 14,000	Millian Sank 1,040 14 14 15 15 15 15 15 15	TORONTO Prices at 2.30pm June 12 2250 AMCA int \$17 St. \$15, \$15, \$15, \$15, \$15, \$2, \$20, \$20, \$20, \$20, \$20, \$20, \$20,	Sales Stack High Low Close Close
DITIONAL OPTIONS	Emprunt 78 1973 7,820 +50 Accor	Cold Storage	i ·· Inc	lices
DAY'S ACTIVE STOCKS NO FALLS YESTERDAY	Darty 3,380 414 Bos Kalls Westm. 18,50.5 Darty 3,380 4265 436	Second S	June	June 12 June 10 June 10 June 19 High Low AUSTRALIA All Ord. (1/1986) 1218.6 1226.4 1225.7 (c) 1247.0 (7/5) 1010.6 (2/1 Metals & Minis. (1/1/50) 558.9 541.1 557.1 (d) 692.0 (24/8) 451.1 (28/6) AUSTRIA Credit Sk Aktien(2/1/62) 118.82 118.17 119.57 119.57 125.59 (22/4) 118.12 (5/5) BELGIAM Brussein SE (1/1/50) 5594.52 5523.56 2541.56 2559.16 6700.16 (24/4) 2768.91 (15/1 DENMARK Copenhagen SE (5/1/68) 224.60 226.95 229.13 229.78 256.70 (18/4) 2768.91 (15/1 FRANCE CAC General (51/12/62) 545.6 346.7 544.1 548.0 411.5 (15/5) 267.6 (2/1) GERMANY FAZ Aktien (51/12/63) 5554.56 548.92 652.12 652.17 753.68 (17/4) 101.6 (2/1) HONG KONG Hang Beng Bank(51/7/64) 1772.7 1982.1 1968.2 1971.4 2279.8 (17/4) 1863.5 (27/6) JAPAN** Nikkei (16/5/68) 1718.1 1752.79 (c) 1751.36 1748.24 1855.65 (7/6) 1559.94 (18/6) TALY JAPAN** Nikkei (16/5/68) 1718.1 1752.77 1819.87 685.84 674.89 308.29 (20/6) 454.67 (24/1) JAPAN** Nikkei (16/5/68) 1718.1 1752.77 1819.86 1811.58 1316.29 1525.17 1126 1029.65 (21/1) NORWAY ONO SE (4/1/68) 548.88 548.45 548.51 548.25 402.91 (18/1) 562.95 (22/6) SNIGAPORE Straits Times (50/12/69) 705.56 709.61 712.12 (c) 712.12 (10/6) 565.54 (28/6) SPAIN
I OPTIONS	Stock Sales High Law Last Clog	Sheet Sales Right Law Last Ding	131.56 131.76 131.15 1	Madrid SE (38-12/85) 174.88 176.18 176.68 176.20 194.77 (12/5) 100.85 (5/1) SWEDEN Jacobson & P (51/12/56) 2484.64 2418.58 2428.82 2451.79 2451.79 (9/8) 1728.57 (29/1) SWITZERLAND Switzs BankCpni61/12/66) 559.8 555.5 566.5 560.7 625.5 (8/1) 564.7 (28/2) WORLD M.S. Capital Intl. (1770) 516.5 516.7 515.8 822.2 (21/4) 249.8 (28/1)
	Lichard 200 to 10.5 to 3 November 1000 10 30 30 Legiting 100	SFI 384 57 + 14 38 51 51 51 51 51 51 51 5	Freedment 1,378,800 45Ve + Vr Smith Bibe. 859,600 374 - Vr Freedment Bibe. 379,40 34Ve + Vr Freedment Bibe. 379,40 34Ve + Vr Freedment Bibe. 379,40 27 + Vr Freedment Bibe. 379,40 27 + Vr Freedment Bibe. 379,40 27 + Vr Freedment Bibe. 379,40 19Ve + Vr Freedment Bib	** Saturday June 7: Japan Mikkel 16,899.01. TSE 1,311.78. Base value of all indices are 100 except Brussels SE—1,000 -ISE Gold—255.7. JSE Industrial—284.3, and Australia. All Ordinary and Matals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Matals— 1,000. Toronto indices based 1975 and Montreal Portiolio 4/1/83. † Excluding bonds. 4 400 Industrials plus -IO Utilities. 40 Financials and 20 Transports. c Closed. 4 Unavailable.
	Outside County County	13 13 13 13 13 13 13 13	Chief price changes	Special Subscription HAND DELIVERY SERVICE of the FINANCIAL TIMES EUROPES BUSINESS NEWSPAPER in SCANDINAVIA You can obtain your subscription copy of the Financial Times, personally hand-delivered to your office in the centre of the cities indicated, for further details contact: K. Mikael Heiniö Financial Times Scandinavia 44 Østergade DK-1100 Copenhagen K Denmark Tel: 01 134441
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Continued on Page 43

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Sent Da. 10. 1 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1 ## 12 Month BW

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18 1072 4077 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1777 1776 2554 1776 2 | Section | Sect NAFORD 15 4 2 2 3 10 NAFORD 15 4 2 2 3 10 NAFORD 15 2 4 11 NAFORD 15 2 1 15 NAFORD 15 2 3 1 16 NAFORD 16 NAFO | Section | Sect 151, 1911, 1515, 1517, 1 2234 1815 271, 1914 2815 231, 1716 1815 1476 241, 5512 4814 925 52 ្រីវិទ្ធភិក្សា ។ ១៩ការកំពុង ។ មានកំពុង មានកំព័ង មានកំពុង មានកំពុង មានកំពុង មានកំពុង មានកំពុង មានកំពុង មានកំពង់ មានកំពុង មានកំពង់ មានកំពង់ មានកំពង់ មានកំពង់ មានកំពង់ មានកំពង មានកំពង់ មានិង មានកំពង់ មានកំពង់ មានកំពង់ មានកំពង់ មានកំពង់ មានកំពង់ មានកំពង មានកំពង់ មានក 2767 2767 4409 4409 4509 128542 128542 128542 128543 12854 128543 128

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AMEX COMPOSITE PRICE

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	. P/ Sts		J	P/ Sta
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ļ	Acron 2 5 5's 5's 5's 5's - 's Action 23 1's 134 134	D D D מום D D מום אום	IntCtyg .60 684 111 ₈ 11 11	R R Ragan .12 30 5 194 191; 191;
	AdResi .18 25 35 4384 38 369 + 5	DWG .08t 210 212 23s 23s 1 Dameon 126 112 13s 112 2 DataPd .16 208 171s 171s 171s 171s 1	Intmis .12 10 16% 16% 16% 16% - 12 IntBlant 18 1720 u 8% 8% 8% 8% + 18	Ransbg .72 74 96 18's 18 18'.
	ASIPOS :44° 32, 204 US6 543, 56 4 124 1	Delmed 417 11-16 % 11-16 + 1-1	[6] MSP Not 30 61g 5 F2g + 1,}	Proces B 1675 - 100 LU 1M 1M
	AirCail 37 93, 91, 91, 11, 12 ArCailpf1.20 54 121, 12 121, 12	Digitors 2 5 5 5 7 7 Pulled St. 12 19 112 434 434 434 434 - 1	1	RelasB 11 6 10 6"s 9" RelasA 150 7 1 8's 6's 8"
	AlbaW 127 85 81 85 + 5	Diodes 20 23 54 54 54 54 5 DomeP 1290 1 1-16 1 1	. 1 3 7 1	Rekwys 32 32 195 u251; 251; 251;
1	Alphaen	Oucom .80 10 257; 251; 251;	[Jelmon .711 13 59 93 87 87 93 + 3]	Rogers 12 5 21'5 21'5 21'5 21'5 Rudick 56a 14 3 25 35 35
	Alexael 30e 5 29 1214 12 12 - 58 AMBIG 265 47 438 475	E E	Johnlind 6 169 167 151, 163 + 11	PBW 0 36 97, 914 97
	AmRoyl.71) 3 407 47, 45, 45,		KayCos 24 7 252 245 245 245 245 2 KayCoA 15e 8 14 54 5 54 4 3	Rykoff .80 17 62 361 261 261 S S
	ASCIE 43 69 9 81, 9 + 1, Ampel .08 11 54 21, 21, 21,	<u>EMB 72 31, 21, 21 </u>	Keven 500.698 201, 20 20	Sage 4 8'4 8'4 8'4
	And leb 23 21 21 21 + 1	Fisher & 170 11 10 211 201 201	Kinark 156 35 35 35 35 Kirby 48 26 26 26	Schools 16 57 16% 16% 16% 16% SbdCD .50 13 6 148 145 145
	Asming .20 51 19 €2, 63, 53, -1,	Elsunor 111 4 37 37 - 1	KogerC 2.40 391 50 27% 2714 27% + 19	SocCao .20 6 5 91, 91, 91,
	Astroic 291 15 11 11 11 12 13 AlisCM 26 9-16 14 15			Solution 13 48 9 85 89
ı	Avondi 20 31 108 28 8 28	-	LaBerg 5 214 214 214 18 LdmkSv 6 20 13 1214 13	SpedOP 23 15 715 715 715
		F F Feblind :50 13 68 u32 304 32 + 15,	Leaser 23 122 163 161 161 161 - 1	Spencer 8 71 ₆ 71 ₈ 71 ₄ Surlays .08 33 7 5 5 5
	B B BAT .19a 121 54 5 11-16 54 - 1-16	Ficialia 2 16 61 ₈ 6 6		Staned 1175 6 113 115 115
	Benstry 15 71 7 7 - 1	FCapH6 30 184 147 1412 145 - 1	Lumes .05 29 50 247, 242, 241, - 1	SteriEl 72 214 216 27/ SteriSt 05e 27 257 18 1717 173
Ì	BaryRG 11 12 67, 67, 67, 67, Baruch 371 33 10 81, 61, 61, 81, 11	FischP 93 15 6 174 17 177 + Ia		Strutty 9 115 115 115 Synamy 18 5'8 5'4 5'
1	Beruch ,371 33 10 81 ₈ 81 ₈ 81 ₄ - 1 ₈ BergBr,325 103805 231 ₇ 238 ₄ 231 ₄ + 3 ₈ BidCps .48 15 35 301 ₄ 239 ₈ 238 ₈ - 7 ₈	FibulG 847 51, 51, 51, 1, 3	MCO Hd 110 22 1513 1534 1534	T T
i	BioV .44 13 892 14's 14's 14's - G	Forsels 155 177 175 175 175 175 175 175 175 175	MCO As 5 7 1 1	THE 499 620 614 614
	BigW .44 13 892 141, 141, 141, 141, 141, 151, 151, 151,	G G	MSR 8 1/8 134 134 134 136	Til 26 bB 9 9 9 94 TabPrs 20 16 2 16 14 B 144
	Bowvai 20 4 712 724 734 Bowms 14 140 456 474 475 + 14	GalxyO 10 11-16 11-18 11-16 + 1-1	MariPs 30 9 15% 151, 151, 151, - 1,	TandBr 21 6 96 96 97 97 7cnAm 32 21 21 214 27
	Bowther .44 16 146 253a 247a 257a + 3a	GntYig .25e 22 131 ₈ 13 131 ₈ Gleatins 16 3 251 ₈ 251 ₄ 251 ₈ + 1 ₄	Matrice 22 63 241 233 24 + 1	TchSym 17 34 16 a 165 16 a
į	Brecons .80 17 181 181 181 - 18	Girmer 15 27 110 281, 277, 285, +1 GldFld 16 5, 9-16 9-16 -1-1	Mems 50 22 2 19 8 19 8 19 4 19 4 1	TechTp 11 29 5% 5% 5% 5% Telsc: 56 10% 10 10
	C C	GmdAs.20i 38 41 1915 193a 193a - 1	MchGn 6 508 35 31 31	Telesph 163 31 ₈ 3 3 TexAir 8 265 351 ₈ 351 ₉ 351 ₉
	CDH 18 20 384 3812 3812 - 18 CMR Cp 39 281 54 58 512 - 18	Greensm 14 353 22% 21% 22% ~ 1.	MissnW 28 22 7 12 11/2 11/2	TotiPsg .36 218 20 19 g 20 TubMox 36 124 124 124
	Cameo .44 9 8 1614 1614 1614 CMarcg .28 24 18 1774 18 + 18	Greiner 98: 17 84 1814 1814 1814 1814 1814 1814 181	MARCHAE .24 13 331 11% 10Fg 11%+ 14	8 B
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Marches
March .20 2.84 .30 1.52 1.40 .80 .13 .60

Continued on

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Retail sales fall greeted by caution

A DECLINE of 0.1 per cent in US retail sales in May, while not quite as large as the market had expected, gave federal bond prices a shot in the arm yesterday, writes Terry Byland in New York.

But this fresh indication of sluggishness in the economy sent blue chips downwards in thin trading.

However, Wall Street remained cautious. The retail sales numbers were only the first of several sets of important federal economic data now pending. Statistics on money supply growth and pro-ducer prices will help round out Wall Street's picture of the economy.

Also encouraging a cautious stance by the big institutions was the Mexican debt crisis, with its serious implications for the US banking structure.

Bond prices moved up three quarters of a point after a brief pause while traders absorbed the retail sales figures. The market had been predicting a dip of 1.1 per cent in retail sales, however, and the early gains in bonds were trimmed later as profit-takers moved in.

Leading stocks opened sharply down and found difficulty in sustaining a rally, despite the firmness of the bond market. Equity trading was subdued, and

Paris

Frankfurt

STOCK MARKET INDICES

1,571.B

860.15

192.3

538.9

118,62

S&P Composite 241.48° 241.13

1,841.23* 1,846.07 1,306.34

1,304.1 1,301.1 1,571.8 1,571.4

774.53

183.78

199.5

17,131.22 17,096.40 12,748.00

1,323.10 1,319.95 1,009.42

541.1

119.17

3,504 32 3,523.56 2,336.45

2,182.5° 2,178.5 1,906.0 3,072.8° 3,069.7 2,709.1

1,558.6

346.7

131.2

1,752.79 1,751.36 1,502.94

286.1 280.9

709.61

1,296.5 1,158.8

176.18

2,404.64 2,418.36 1,345.46

555.5

315.7

June 12 355 95p

£1,778.00

S12.05

June 12 \$347.25

\$348.50

\$349.01

\$347.95

558.3

318.3

COMMODITIES

GOLD (per ounce)

June 9

1,952.1 1,388.3

719.97 323.91

348.45 338.51

176.9

437.8

Prev 348.45p

£944.25

\$1205

5347.50

\$347.70

\$345.72

\$347.65

\$351.70

£1,818.50

224.00 226.95

345.6

130.3

1,977.2

9.42

642.21

163.78

187.61

977.0

632.00

429.6

509.3

102.75

192.54

Lira

1,291.4

859.06 691.45

400 300

2500 2000

500

NEW YORK

FT Ord

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord. Metals & Mins

AUSTRIA

BELQIUM

CANADA

Credit Aktier

Belgian SE

Montreal Portiolio

DENMARK

France

CAC Gen

Ind. Tendance

FAZ-Aktien

HONG KONG

Hang Seng

NETHERLANDS

ANP-CBS ind

NORWAY

SINGAPORE

Straits Times

SOUTH AFRICA

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'I

Silver (spot fixing)

Copper (cash)

Oil (Brent blend)

Coffee (July)

SPAIN

WORLD

(London)

London

Zünich

Pans (fixing)

Luxembourd

New York (Aug)

WEST GERMAN

Terente Metals & Minis

TOKYO

FT Gold mines

FT-A Long gilt

D.I Industrials

DJ Transport

the broader market held steady, with the Nasdaq index edging higher.

At 3pm the Dow Jones industrial average was down 4.84 at 1,841.23.

But the Dow transportation average continued to edge higher from its resistance level, helped by a steadier tone in airlines. United, at \$54%, recouped \$% of the sharp fall of the previous session. Losses in the other domestic carriers were minor - American shed \$% to \$51% and Delta \$1/4 to \$411/4.

TWA eased \$% to \$14% on the surprise departure of the president after only eight months in office.

Transportations were buoyed by further support for rail stocks. Union Pacific edged up \$1/2 to \$57 as the market absorbed the details of the planned res-

IBM shaded \$% to \$148%, with turnover well down as the big investors stayed resolutely on the market sidelines. Honeywell gave back \$% of this week's gain to stand at \$79% also in light trad-

General Motors, \$% off at \$77%. Du Pont, down \$% at \$84%, and Minnesota Mining, \$14 off at \$1061/2, all helped to drag down the major stock market indices. Ford, almost alone among manufacturing blue chips, edged higher, putting on \$% to \$52%.

The renewed softness in the dollar brought buyers in for some pharmaceutical issues, notably Pfizer, up \$% at \$65%, Bristol-Myers, \$% better at \$80%. and Abbott Laboratories, \$1 higher at

A weak feature among pharmaceuticals was Merck, the sector leader, which

CURRENCIES

166.3 7.05

1.8275

1,520.0

US BONDS

7.296

7.983

941/42 7.681

Day's change

+0.73

+0.15

+0.46

June 12"

FINANCIAL FUTURES

94-01 94-13 93-04 93-25

93.85 93.90 93.76 93.80

92.91 92.92

n/a

121-03 121-00 120-27 120-22

Latest

US Treasury Bonds (CBT)

7.925 96²⁵/₂₂

1.387 1.3885 2.1175 2.12025

US DOLLAR

7.0475

1,517.0

Euro-currencles (3-month offered rate)

DN FFr

(offered rate)

US Fed Funds

1993 1996

Source: Merrill Lynch

(years)

1-30

AT & T

3% July 1990

10% Jan 1993

9% March 2016

General Motors

8% April 2016

9% March 2016

CHICAGO

LONDON

Thre

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

6 April 1996

Árco

Citicorp

dh CDa

Source: Harris Trust Savings Bank

index

148.28

142.16

134.82 143.82

1.826

STERLING

1.5265

3.3775

254.0

2.79

9'% 4% 4% 7%s

June 12 Previous

10.735 10.7625

2,310.5 2,320.25

1.523

252.5

2.78

7% 7% 6'% 6.75 6.28

99'%

951%2 94%2

7.96

7.46 8.01

104%

7.981

8.05

Day's

-0.08

-- 0.07

-0.04 -0.09

8.68

dipped \$1 to \$95 after confirming reports of an accident at a plant in Puerto Rico.

Oils moved narrowly as the market tried to assess the outlook for crude prices. Phillips Petroleum eased 5% to \$9%, in heavy trading, but Exxon added

The fall in US retail sales held store issues in check K mart stood out against the trend with a gain of \$% at \$52, on trading levels exceeding 1m shares by mid-session. But Sears, \$% off at \$46%, and J.C. Penney, down \$% at \$77%, found little support.

Heartened by Mr Paul Volcker's visit to Mexico, which indicated official determination to solve the impending crisis over the country's interest payments to the US banks, helped financial issues.

Manufacturers Hanover, widely exposed in Mexico, added \$\% to \$50\%. Others to firm were Citicorp, 5% better at \$45%, and Bankers Trust, up \$1/4 at \$47.

In the credit market, short-term rates turned downwards as Senate majority leader Mr Robert Dole put the case for a cut in federal discount rate. Also helpful were comments on Mexican debt and money supply from fed governor Mr Manuel Johnson at Senate confirmation hearings. However, early gains in bonds melted away ahead of the announcement of the latest money supply aggre-

Record rise tempered by anxiety

CONCERN over the recent rapid increase in share prices pulled Tokyo back from a sharp rise early in the session yesterday although the day closed at a record, writes Shigeo Nishiwaki of Jiji

The Nikkei average rose 106 at one stage but fell back to close 34.77 points up at a peak 17,131.22. Volume was 808.74m shares, compared with Wednes-day's 986.83m, much of which was generated in the morning. It shrank sharply in the afternoon from the morning's estimated 560m shares, however, as many investors moved to the sidelines. Gains outstripped losses by 458 to 408, with 129 issues unchanged.

Despite the uncertain outlook for foreign exchange and interest rates and growing anxiety over recent price rises, cash-rich investors continued to buy. Some expected a revival of last March's bull market, when institutional pur-chases of domestic demand-related issues were dominant.

Early in the session, investors sought property, non-life insurance and railway shares. But their enthusiasm was dampened in the afternoon, said one analyst, because the speed of price increases for these issues was unexpectedly slow. Among favoured domestic-demand stocks, Mitsubishi Estate rose Y40 at

one stage but closed Y20 down at Y2,050. Nippon Express added Y22 to Y867, Tokyu Y37 to Y958 and Keihin Electric Express Railway Y60 to Y768. Among financials, non-life insurances

were sought as they were regarded as laggards. Tokio Marine and Fire Insurance gained Y20 to Y1,360 and Taisho Marine and Fire Insurance Y8 to Y805. Some large and medium-sized securities houses gained ground. Nikko Securities climbed Y30 to Y1,200 and Wako

Securities Y70 to Y1,220. Tokyo Gas topped the list of active stocks for the fourth day running with

38.75m shares changing hands. The stock rose Y13 but finished Y2 down at Issues with hidden incentives were spotlighted in the afternoon. Tokuyama Soda advanced Y28 to Y540 on stronger

Jaccs benefited from higher earnings

due to lower interest rates and rose Y44

to Y515. The bond market weakened as banks and securities houses, which had built up their inventories while the market was climbing, unloaded some of their

The yield on the bellwether 6.2 per cent government bond due in July 1995 rose to 4.725 per cent from Wednesday's 4.685 per cent.

SINGAPORE

A BOUT of increased selling in the afternoon led prices to close broadly lower in active trading, and the Straits Times industrial index ended 6.05 down at 703.56. Among actives Selangor Properties gained 5 cents to S\$1.15 while Haw Par lost 6 cents to S\$2.87.

Promet lost 1/2 cent to 43.5 cents, and UOL was steady at S\$1.11.

Hotels, properties and commodities were mixed in selective active trading. Some profit-taking was apparent among investors wary of the market's recent gains in the absence of fresh

CANADA

ACTIVE TRADING took industrials and metals and mines higher in Toronto but left oils and utilities trading lower.

Among industrials Rogers Communications Class B traded C\$2% up at C\$26% while in the metals and mining sector Alcon added C\$\% to C\$43\%.

Golds, however, traded lower, with Campbell Red Lake down C\$\% to C\$22, and among oils Dome Petroleum lost 4

In Montreal industrials were largely unchanged while utilities were generally

EUROPE

Mixed mood brings some firmness

A MIXED bag of European bourses ended yesterday on a generally firmer note although some, notably Milan, closed

sharply down.

Frankfurt, which has been unsettled recently ahead of local elections, closed higher on optimism that the ruling Christian Democrats would win Lower Saxony at the weekend. The Commerz bank index put on 60 to close at 1,977.2.

Banks recovered some of their losses earlier this week caused by renewed worries over Mexico's debt. Deutsche added DM 9.50 to DM 803 while Dresdner and Commerzbank each rose DM 4 to close at DM 427.50 and DM 322, respectively.

Among insurers Allianz added DM 63 to DM 2,488.

Retailers also made good progress, with Kaufhof up DM 25 to DM 475 and Karstadt DM 21 to DM 342.

Motor manufacturers shrugged off earlier exchange-rate uncertainties and followed the firmer trend. Daimler was

DM 39 up to DM 380, BMW DM 7 to DM 572 and VW DM 6 to DM 543.

Chemical stock Bayer, which weakened on Wednesday, firmed DM 3.80 to DM 304 while BASF continued to rise, adding DM 2 to DM 285, as did Hoechst, up DM 1 at DM 273.

Among electricals Siemens added DM 9.50 to DM 633 and AEG DM 4.40 to DM Bonds fell in moderate trading on

Bundesbank warnings that official inter-est rates were unlikely to be cut in the near future. The Bundesbank bought DM 73.8m

worth of domestic paper, up from DM 8.3m on Wednesday. Hopes of a stronger dollar as well as

news of lower unemployment figures gave an early boost to Amsterdam. However, the firmness was not sustained as institutional investors remained on the

Akzo helped lead internationals higher, gaining F1 1.90 to F1 169.40 as strike fears receded. Continuing uncertainty over Mexico's debt also affected Dutch banks, which

closed the session mixed. ABN slipped Fl 1 to Fl 576, but Amro and NMB added

70 cents each to close at FI 107.50 and FI 205.70, respectively.

Among insurers Aegon rose 80 cents to Fl 111 on news that it had bought a majority stake in a Spanish insurer. Elsewhere, the sector was also firmer.

with Amev up 40 cents to Fl 81.30 and NatNed 50 cents higher at F1 86.20. Profit-taking helped take Milan sharply lower yesterday after Wednesday's gains. The MIB all-share index closed 3.67 per cent down on the day - a fall, however, which did not entirely wipe out Wednesday's rise of 5.16 per

Among actives Fiat slipped L400 to L12,400 amid continuing wrangling over its possible involvement in the future of

Other industrials were also active, including Olivetti, which closed L440 down at L15,500 following its L1,190 advance on Wednesday. Pirelli SpA fell L200 to L5,050, and Montedison lost L150 to L2.900.

Some foreign buying helped cushion Brussels where the Belgian Stock Exchange index lost 19 to close at 3,504.32. Banque Bruxelles Lambert, which plans a BFr 3.3bn rights issue, closed un-

changed at BFr 3,040. Holdings and electricals were also active, with Tractionel down BFr 250 at

Petrofina, the market bellwether, firmed BFr 30 to BFr 8,030

Zurich closed steady to firmer on balance. Among chemicals Ciba-Geigy bearer added SFr 30 to SFr 3,540, food stock Nestlé was unchanged at SFr 8,150 and Union Bank added SFr 45 to SFr

Quiet trading left Paris lower despite news of a reduction in May's inflation rate while in Madrid all sectors fell apart from banks, which were generally unchanged. Profit-taking took Stock-

AUSTRALIA

BALANCE of payments data due today led investors to opt for the sidelines in Sydney where prices closed easier with the All Ordinaries index down 6.1 at

BHP gained 10 cents to A\$8.84 while Bell Resources was steady at A\$4.35 amid market speculation that one of the companies might figure in takeover manoeuvres.
The Bell Group lost 10 cents to A\$9.5,

Equiticorp Tasman lost 7 cents to A\$1.65 and Adsteam fell 20 cents to A\$12.80. Mining stocks were weaker, with Aberfoyle shedding 20 cents to A\$7.90.

Bougainville fell 2 cents to A\$2.73,

LONDON

LEADING SHARES pulled out of the three-day slide in London early yesterday, but the recovery was unconvincing. The FT Ordinary share index closed 3 up at 1,304.1 while the more broadly based FT-SE 100 index ended up 0.4 at

The FT indices were around 10 points higher until just before midday, but sentiment was clouded by the state of emergency declaration in South Africa.

Gold mining issues and UK industrial groups with interests in the area reacted nervously, and buyers generally retired to the sidelines.

P & O became unsettled by persistent talk that underwriters of the Stock Conversion offer could attempt to place unwanted stock today, and the shares closed down 5p at 513p.

A slight late easing in money market rates failed to impress either equity or gilt investors, and early gains in government stocks were trimmed throughout the afternoon.

Chief price changes, Page 41; Details, Page 40; Share information service, Pages 38-39

SOUTH AFRICA

PROFIT-TAKING prompted by news of a declaration of a nationwide state of emergency led gold shares to retreat sharply in nervous and confused Johan-

nesburg trading. Vaal Reefs closed R13 lower at R223 but Gold Fields of South Africa, against the trend, rose R1.25 to R45 while South-

vaal ended down R6.50 at R107. In diamonds De Beers fell R1 to R28 while among platinums Impala was down 25 cents to R34.75 and Rustenburg Platinum 75 cents to R35.

Among banks Nedbank fell 16 cents to R6.04, while Barclays was steady at

HONG KONG

EARLY GAINS were eroded in volatile Hong Kong trading, and the Hang Seng index closed up 1.43 at 1,752.79.

Hutchison Whampoa rose 40 cents to HK\$28.80 while its parent Cheung Kong added 10 cents to HK\$20.10. Swire Pacific and its Cathay Pacific unit were unchanged at HK\$11.80 and HK\$5.40, re-

Hongkong Telephone, one of the few issues to show clear movement, lost 30 cents to HK\$11.90 as rumours faded that the company planned a corporate restructuring involving its parent, Cable &

66 £7.8 million pre-tax profits for the half year. An encouraging start...?

Highlights from SIR JOHN CUCKNEY'S statement to shareholders.

Your company has now concluded a successful recapitalisation and has a much stronger balance sheet. The results for the first half year show a pre-tax profit of \$7.8m, compared with \$4.8m in 1985. Achieving cost competitiveness remains a problem.

Westland Helicopters and Helicopter **Customer Support**

Turnover up 4.3%. Delivery of the 21 Westland 30 helicopters to India is now underway, and the order from Germany for 5 more Lynx shows a welcome confidence in the company.

Westland Aerospace

A good first half performance with orders for two AP1-88 hovercraft as well as the first firm order from Sikorsky. Turnover at \$26.4m up \$15.3m. Profits up \$0.7m to \$2.7m.

Westland Technologies

Despite a drop in orders during the first half year most of which has now been made good, turnover was up 8.5% at \$43.2m and profits before tax were up \$0.2m at \$5.3m.

International Development

Whilst remaining first and foremost a British public company, Westland now has stronger links with both Europe and the USA. We attach great importance to the EH101 our joint helicopter programme with Agusta of Italy. which is in an advanced stage of development. Plans for the manufacture of the Black Hawk under licence are progressing and we are participating in the multi nation study for the European NH90 and Light Attack Helicopter programmes.

66In conclusion, I believe that we have made an encouraging start to your company's recovery programme.99

Westland plc Yeovil England

COPIES OF THE INTERIM REPORT CAN BE OBTAINED FROM THE COMPANY SECRETARY